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ASEAN LEADERS' PERCEPTIONS OF FRIENDS, ENEMIES

Kuala Lumpur BUSINESS TIMES in English 20 Mar 82 p 9

[Article by Prakash Chandra in Bangkok]

[Excerpts]

THE Association of South-East Asian Nations (Asean) has developed into a strong political animal. And its sponsors believe that it is acquiring a striking power beyond its own capabilities.

This is the impression of this reporter after a study tour of four Asean capitals — Singapore, Kuala Lumpur, Bangkok and Manila.

One senior Asian diplomat said: "It is easier to talk politics, discuss foreign policy aims. When it comes to Kampuchea we know we have to act unitedly. We may have different perceptions of the danger facing us, but somehow we will find an Asean solution to the problems."

Still, most experts concede that it is a distant goal. The more immediate problem concerns the perception of threat. Who are our friends and who are our enemies? This is the central thought occupying the minds of top Asean leaders today.

And to no one's surprise, the US seems to be out as an umbrella under which the Asean members could find shelter. Japan is in but only as an economic ally. The British, too, are out. One Malaysian source described the British as "still pursuing an old colonial policy."

"The Americans are an unreliable ally," said one Asean official. "Do you think they will come to our aid if the Vietnamese push their armies across the Thai border and the Chinese fan the communist rebellion in our countries?"

He added: "You know what the Americans offered as arms aid to Thailand? About US\$40 million worth of military hardware. Even Pakistan President Zia found US\$400 million worth of US assistance as peanuts. It's a worthless offer. And no one in his senses will accept it."

Own strength

He was quick to explain that military alliances, such as the defunct South-East Asia Treaty Organisation (Seato), have no meaning in the modern context. The Asean members are acutely aware of the Soviet occupation of Afghanistan. Their pressure on Poland is regarded as another significant pointer.

Thus, the all-important issue is the Soviet threat, although Indonesians and Malaysians are insistent on the short-term as well as long-term threat from the Chinese.

Most Asean leaders believe that American officials and policy-makers can hardly help them to contain the Soviet threat. One senior Thai official said: "When the chips are

down the Asean countries will have to rely on their own strength. We find the Chinese, for instance, helping the Khmer Rouge. That's the only faction which is fighting our battles in Kampuchea.

"They are offering strong resistance to Vietnamese troops occupying that helpless country. But all attempts to revive a dialogue with Khmer Rouge for a loose cabinet have failed us so far. And if the Chinese are unwilling to help us, we will have to look again at the whole question of cooperation with Beijing."

Malaysians, in fact, have a more acute perception of the Chinese threat. One top policy-maker told me in Kuala Lumpur: "Apparently, the Americans do not want to get involved in South-East Asia after their tragic experience in Vietnam. So, perhaps, they want China to be the policeman of Asia. It has dangerous implications and we would not want it to happen."

As for the Japanese, most Asean leaders agree that Tokyo is not interested in involving itself in any sort of defence arrangements. All that it wants is more trade, more money.

Indeed, the signs are that Japan will emerge as a strong economic ally of the Asean countries.

"Tokyo is more reliable than the US," said

one senior official in an Asean capital. "If they give us US\$4 billion or even US\$1 billion on a four per cent interest rate, it will boost our economy which is already in the high-growth area. Malaysia and Indonesia have recorded a 10 per cent rise in their gross national product. And in the years to come the Asean region will emerge as one of the major growth centres in the world."

On the political front, headaches are many. What worries Asean leaders most is the future of Indochinese states. Will Vietnam emerge as a strong leader of Laos and Kampuchea and later form the much-feared Indochina Federation?

Again, the question is asked: Will the US help to resist the emergence of such a strong rival? Will Thailand be another domino in the Asian region?

Malaysians and Indonesians have their own view of Vietnam. They do not consider Hanoi as having real aggressive intentions toward Thailand. Some policy analysts there believe that left to itself, Vietnam will emerge as a fiercely independent country which may be required to protect its interests against a Russian occupation force and thousands of Soviet-trained cadres. — Dep-thnews Special

DEADLOCK IN ECONOMIC TALKS WITH NEW ZEALAND DISCUSSED

BK141222 Melbourne Overseas Service in English 1110 GMT 14 Apr 82

[Report from the "Australian Insight" program]

[Text] This is "Australian Insight" and I am (Judith Hinckey). Australian and New Zealand trade officials meeting in Canberra have failed to resolve difficulties between the two countries in their attempt to negotiate a closer economic relations agreement. It had been hoped by Australian officials that this meeting--the latest in a series that extend back to early 1980--would overcome the last two main strumbling blocks to the agreement. Political correspondent (Bill Nicholl) reports from Canberra:

Officials from both Australia and New Zealand are remaining tight lipped about the outcome of their latest meeting to discuss the closer economic relations agreement between the two countries. But this much is certain: The meeting has failed to deliver the results anticipated, at least by the Australian delegation.

Two points are at issue; both can only be resolved by New Zealand. The first centers on New Zealand's import licensing regulation and the second, on New Zealand's export incentive scheme. The Australian Government wants a firm deadline set by New Zealand for each of these to be abolished, or at least, for agreement on a timetable for phasing them out. By all appearances, no such deadline or timetable was given by the New Zealanders, and judging by at least one background briefing given to journalists by a New Zealand official before the meeting got underway, his delegation had no intention of giving a deadline or agreeing to a timetable.

Negotiations for an agreement between Australia and New Zealand for closer economic relations began in March 1980 when the countries' prime ministers--Mr Fraser and Mr Muldoon--met in Wellington. There have been two subsequent ministerial meetings and, what officials in Canberra [word indistinct] ongoing dialogue, between the bureaucracies of the two countries as both attempt to sort out the complex mass of fine detail and broad areas of common policy before any agreement can be settled. It was originally intended that the agreement would be ready for signing at the beginning of next year, although the Australian minister for agriculture, Mr Nixon, recently claimed it could take much longer to negotiate--a comment that drew a sharp reaction

Mr. Muldoon was returning home at elections in New Zealand last November after a campaign based on reform of his country's economic policies, reform of the United Nations Economic Relations Agreement.

That day, before the meeting in Canberra was scheduled, officials here said it was hoped to be the final meeting. The schedule allowed for 2 days of talks. However, Australian officials did not anticipate that 1 day of discussions would be sufficient to resolve the problems associated with New Zealand's import licensing, subsidies and export incentives. At the end of day one, this expectation has not been fulfilled and while the talks will proceed into day two, officials in Canberra did not appear hopeful that this would prove any more fruitful. In the words of one official, the meeting has been something of a flop.

END (1/24/55)

BRIEFS

ASPIRANT OF ECONOMIC TALKS--Australian Deputy Prime Minister Anthony says talks on closer economic relations with New Zealand are making progress. Speaking in Wellington after a meeting with New Zealand Prime Minister Muldoon and cabinet members, Mr Anthony declined to discuss details. However, correspondents say there were indications that the two leaders had sorted out some of the problems which had been delaying the drawing up of a draft agreement. They say the most important of these are a termination date for New Zealand import licenses and an agreement on export incentives. Earlier, Mr Muldoon had announced his cabinet's approval for a set of proposals on these issues which he believed would be acceptable to Australia. [Text] [BK210957 Melbourne Overseas Service in English 0830 GMT 20 Apr 82]

KILLEN ON 'INVINCIBLE' PURCHASE--The minister for defense, Mr Killen, says he is ready to draft sales agreement for the British aircraft carrier, "Invincible," in the very near future. Mr Killen said the agreement and a memorandum of understanding will then be forwarded to the United Kingdom Secretary of State for defense, Mr Nott. He said it was expected that the "Invincible" would be handed over to the Australian Navy by the end of 1983. The vessel is currently part of the British fleet en route to the Falkland Islands. [Text] [BK210939 Melbourne Overseas Service in English 0830 GMT 20 Apr 82]

ANNUAL RURAL EXPORTS SETLINE--The value of Australia's rural exports is expected to hit a 10-year low this financial year. The Bureau of Agricultural Economics estimates the value of rural exports at \$7.4 billion this financial year, down from \$8.17 billion. In real terms, this will be the lowest export figure since the 1971 financial year. The bureau says the recent worsening of the economic situation in the United States and Japan has contributed to the weak export market. The gross value of rural production is estimated at about \$12 billion--a rise of 6 percent over the previous year's figure. But the bureau says that in real terms, that would be a decline of 11 percent because of rising farm costs and inflation. It says the weather would have been more marked but for an above-average season's wheat crop production to a near record level. [Text] [BK211331 Melbourne Overseas Service in English 0830 GMT 20 Apr 82]

MEET WITH THE ORGANIZATIONS--Australia has announced a big increase in its contribution to the world food program of the United Nations. The minister for foreign affairs, Mr Street, said that over the next 3 years Australia

could increase the amount of wheat and flour channelled through the program from 21,000 tons a year to 200,000 tons. He said Australia would also provide cash and commodities amounting to \$20 million under the program during 1983 and 1984. It has also been announced that Australia will provide \$2 million to the United Nations Children's Fund--UNICEF--for health projects in Africa. Mr Street said specific activities in UNICEF programs were being adopted as joint projects by Australia. The projects are a rural water supply and sanitation scheme in Ethiopia, a health center improvement project in Uganda, a rural sanitation scheme in Tanzania and a primary health care project in the Sudan. [BK211331 Melbourne Overseas Service in English 0830 GMT 20 Apr 82]

COAL PROJECT WITH JAPAN--The federal government has given the go-ahead to a joint Australian-Japanese coal project at Redbank Plains near Ipswich in Queensland. Establishment of the mine is estimated to cost \$50 million and its successful development should employ 250 people. It will produce 1 million tons of steaming coal a year for the Queensland Electricity Generating Board and for export to Japan. Two Japanese companies will own 49 percent interest in the project. [Text] [BK211331 Melbourne Overseas Service in English 0830 GMT 21 Apr 82]

COOPERATION AGREEMENT WITH KUWAIT--Australia and Kuwait have signed an agreement on economic and technical cooperation. The deputy prime minister, Mr Anthony, signed the agreement in Canberra with the Kuwaiti minister of commerce and industry, Jasim Khalid al-Marzuq. Mr Anthony, who is the minister for trade, said the agreement represented a significant step forward in the development of economic relations with Kuwait. Australia exported to it, live sheep, meat and cheese worth \$182 million, or more than U.S.\$191 million, to Kuwait last year, and imported Kuwaiti crude oil and petrol. [Text] [BK221523 Melbourne Overseas Service in English 0830 GMT 22 Apr 82]

INTELLIGENCE ORGANIZATION CHECKS URGED--The federal opposition leader, Mr Hayden, has called for a major review of the Australian Security Intelligence Organization--ASIO. Mr Hayden said the review was needed to enforce by law a series of checks and balances on the operations of ASIO. Mr Hayden said the Labor Party did not oppose ASIO's existence but was against it being allowed to operate without accountability--operational or financial--to the Parliament or the people. Some changes had taken place since the 1980 Royal Commission revealed a record of incompetence, maladministration, political bias and misuse of power by ASIO. Mr Hayden said Labor did propose the additional checks. These included annual reports by ASIO to Parliament, scrutiny of its operations and files by an independent judicial authority and more ministerial control and responsibility. There should also be greater access for the opposition leader and full financial accountability to Parliament. [Text] [BK250916 Melbourne Overseas Service in English 0830 GMT 25 Apr 82]

ECONOMIC RELATIONS WITH NEW ZEALAND--The federal government says it is hoping that the new economic agreement with New Zealand will come into force next year. The deputy prime minister and minister for trade and resources, Mr Anthony, told Parliament in Canberra that he had been involved in talks on the agreement last week with the New Zealand Government. He said the

talks had made considerable progress although there were still a number of outstanding issues. It was hoped the agreement would start on 1 January next year. Mr Anthony said closer economic relations between Australia and New Zealand were a rational, logical and inevitable development. A draft free trade agreement would soon be circulated to the Australian state governments and to industries. Meanwhile, New Zealand officials say a negotiating team from the New Zealand Manufacturers Federation will meet officials from the Confederation of Australian Industry in Sydney next month. The two sides will work on finalizing the draft trade agreement. The main outstanding issues are export incentives and New Zealand's import licensing system. The two governments have asked the manufacturers to work out a solution and report back so that the final draft can be drawn up. [Text] [BK279909 Melbourne Overseas Service in English 0830 GMT 27 Apr 82]

DEFENSE CUTBACKS REMARKS CLARIFIED--The minister of defense, Mr Killen, says the level of Australia's defense spending will be maintained. In a statement issued in Canberra, Mr Killen said defense spending this financial year was likely to exceed the original budget figure. Mr Killen attacked some media reports of the statement he made in Parliament on Thursday on the rescheduling of defense spending saying defense outlays this year would be 19 percent greater than for the previous financial year. In his statement in Parliament, Mr Killen announced wide ranging cuts in various defense areas ranging from the use of fuel to recruitment and use of equipment. He said the cuts were to help meet the cost of buying the British aircraft carrier "Invincible" and 10 new maritime patrol aircraft. [Text] [BK010949 Melbourne Overseas Service in English 0830 GMT 1 May 82]

FRASER DEFENDS 'INVINCIBLE' PURCHASE--The prime minister, Mr Fraser, has defended his government's decision to buy the British aircraft carrier, Invincible, for the Australian Navy. Mr Fraser said Australia had wanted a new carrier and the Invincible was offered at a bargain price. The Returned Servicemen's League [RSL] and the federal opposition had strongly criticized the decision and the subsequent delays and cuts to other elements of the defense program. The defense minister, Mr Killen, last week announced the suspension of plans to buy five patrol boats, delay to several defense projects and the halt to recruiting to help fund the purchase of the aircraft carrier. The executive of the RSL has said it's still not completely satisfied with the government's rescheduled defense program. This was in spite of a lunchtime meeting with the prime minister, Mr Fraser. The league's national president, Sir William Keys, said he was somewhat reassured about the government's plans but wanted the defense minister to clarify the situation to the media. Earlier, Mr Fraser had said it was the height of fantasy for the media to depict last week's announcement as a cutback when the government was buying the Invincible and new Orion aircraft. Sir William said although he understood there would be no cancellation in the defense program, reductions in steaming, flying and training time were not good. [Text] [BK030931 Melbourne Overseas Service in English 0830 GMT 3 May 82]

CONTRIBUTION TO ADB--Australia is to contribute \$219 million, or U.S.\$230 million, to the Asian Development Bank's special fund for use by the poor countries of Asia and the Pacific. The treasurer, Mr Howard, told the annual meeting of the bank in Manila that because of financial restraints in

ANZCON (1), the contribution had not been an easy decision to make. Mr Howard said the contribution made Australia the fourth largest contributor in absolute terms and the largest contributor in terms of gross national product. The sum is to form part of the \$3,200 million development fund which will be used by the poorest countries among the bank's 45 members over the next 4 years. [Text] [BK301343 Melbourne Overseas Service in English 1130 GMT 29 Apr 82]

ANZCON (2) TO PAC--Australian experts are to assist in training China's first government auditors under new aid agreement now being discussed in Beijing. The arrangement will provide for a team of Australian auditing experts to be attached to the Training Institute of the Chinese Ministry of Finance. Radio Australia's Beijing correspondent Richard Thwaites says the auditor training scheme was referred to at the signing in Beijing today of agreements for two other Australian aid projects. These are for engineering surveys for a hydroelectric scheme in southwest China and a project to improve citrus fruit growing and orchard management in central China. [Text] [BK301343 Melbourne Overseas Service in English 1130 GMT 29 Apr 82]

EXPORTS TO SOUTH AFRICA, USSR--Australian exports to South Africa rose in value by 42 percent to more than \$132 million in the financial year ended last June, that is about U.S.\$139 million. The figures were released today by the trade minister, Mr Anthony. The minister also revealed that the value of Australian exports to the Soviet Union fell by 14 percent following the Soviet invasion of Afghanistan. [Text] [BK301343 Melbourne Overseas Service in English 0500 GMT 27 Apr 82]

BANK LINKED TO U.S. INTELLIGENCE--Creditors of five of the seven companies in the collapsed Nugan Hand Merchant Banking Group are to receive no dividend. The first interim report of the group's official liquidator says at this stage it is not possible to estimate the return to creditors of the two other companies, Nugan and (Yorkville) nominees. Among the creditors likely to miss out when the final report is made are the Chase Manhattan Bank, the Australian Taxation Office, the publishing company John Fairfax and Sons, and the Sydney Municipal Council. The official liquidator, Mr (O'Brien), says it may be 5 years before the liquidation is complete. He stressed in his interim report that his investigation concerned only the financial aspect of the Nugan Hand Group. However, in a comment on the group's other activities, Mr (O'Brien) said there was no doubt some of its former officers had had links at a high level with American intelligence organizations. [Text] [BK160922 Melbourne Overseas Service in English 0830 GMT 16 Apr 82]

SINGAPORE OFFERED TRAINING SITE--Australian Defense Department officials believe that Singapore is almost certain to use the Shoalwater Bay military training area, north of Rockhampton in Queensland, as its regular military training ground. An Australian Defense Department spokesman said Australia had invited Singapore to use the training area on a long-term basis and it was understood that Singapore was very happy with the facilities. About 1,500 part-time soldiers with the Singapore Defense Force have just ended a 6-week exercise at Shoalwater Bay. Singapore has not announced any firm plan for another major exercise there. [Text] [BK150925 Melbourne Overseas Service in English 0830 GMT 15 Apr 82]

DEVELOPMENT OF EXPORT MARKETS--A New Zealand Government minister says Australia and New Zealand could develop major new export markets by working together under the proposed closer economic relations agreement. New Zealand Minister for Trade, Industry and Commerce Templeton said his country was hoping the agreement could be used to develop markets in the northern hemisphere. He said that by working together, rather than in competition, Australia and New Zealand could take advantage of out-of-season production, mainly for specialist products. Speaking in the Tasmanian capital Hobart, Mr Templeton said there was scope, particularly in the potato and small food industries. [Text]
[B8160745 Melbourne Overseas Service in English 0500 GMT 16 Apr 82]

CSO: 4220/553

FOREIGN SECRETARY REITERATES FOREIGN POLICY UNCHANGED

Dacca THE BANGLADESH TIMES in English 26 Mar 82 pp 1, 8

[Text] Foreign Secretary Humayun Rasheed Chowdhury on Thursday reiterated that the foreign policy of Bangladesh "remains unchanged", reports BSS.

The Foreign Secretary was briefing the heads of diplomatic missions on the foreign policy of the government.

Mr Chowdhury said Bangladesh's activities in the field would continue to be based on the following three principal foreign policy objectives.

- (a) To consolidate Bangladesh independence and sovereignty,
- (b) To develop friendly bilateral, regional and international cooperation with a view to accelerating the process of political and social development of Bangladesh and
- (c) To cooperate with the international community in promoting the cause of peace, freedom and progress.

Bangladesh, he said, hopes to pursue an active, comprehensive and purposeful diplomatic role in the international arena. He added, it would be a sound and forward looking foreign policy effectively promoting Bangladesh's national interests and projecting "ourselves as a nation fully capable of serving the cause of international peace, progress and security."

In pursuing the three principal foreign policy objectives, he said, Bangladesh would be guided by the principles of scrupulous respect for sovereign equality of all nations, non-interference in the internal affairs of other states, peaceful settlement of all problems and disputes, and the right of every nation to determine the form of its social, economic and political system.

All the accredited heads of diplomatic missions and international organisations were present at the briefing.

The Foreign Secretary said "we shall continue to adhere strictly to the objectives and principles of the UN Charter, the Non-aligned movement, the Organisation of Islamic Conference and the Commonwealth of Nations".

He said all treaties, agreements and Bangladesh's multilateral and bilateral commitments would be honoured.

Bangladesh, he said, "shall continue to foster and strengthen its bilateral relations with all countries in general and the neighbours in particular".

Principled Stand

There will be no change in the country's principled stand on various international issues, the Foreign Secretary said.

"Bangladesh shall continue to support the struggle of the Palestinian brethren and the demand for withdrawal of Israeli troops from all occupied Arab lands", he said.

On Afghanistan and Kampuchea, he said, "we shall render our unstinted support to the demand for the withdrawal of all foreign troops and to the principle that these two peoples be allowed to determine their own destiny without any outside interference".

In the international economic field, he said Bangladesh shall strive to bring about a harmonious north south relationship based on the spirit of Cancun.

Regionally, he said, the Bangladesh's initiative in forging intral regional cooperation through an association of south Asian states would continue. Bangladesh, he said shall endeavour to develop closer south-south relations on the basis of the principles of economic cooperation among developing countries.

He said that Bangladesh would continue to condemn apartheid and racialism in all its manifestations.

Bangladesh's efforts to bring about an end to the fratricidal war between Iraq and Iran will remain unchanged, he said. The Foreign Secretary said "our role in general will be balanced and moderate, though our voice will be heard when needed."

He acknowledged with deep gratitude the support and sympathy extended by different countries in the endeavours to develop the economy of Bangladesh and to provide better quality of life to the people.

He said he had not the slightest of doubt that "you will continue to give us support and friendship as we shall give you the same in every possible way".

CSO: 4220/7086

BANGLADESH, BULGARIA SIGN BARTER PROTOCOL

Dacca THE BANGLADESH TIMES in English 26 Mar 82 p 8

[Text] Bangladesh and Bulgaria on Thursday signed the ninth barter protocol with a total turnover of 52 million US dollars, reports BSS.

Syed Amir Khasru, Secretary, Foreign Trade Division and Mr Georgi Vutev, leader of the visiting seven-member Bulgarian trade delegation, signed the protocol on behalf of their respective governments.

Under the new barter protocol, Bangladesh will export about 80 per cent of its finished products to Bulgaria and import about 70 per cent of industrial raw materials.

The new barter protocol shows an increase of more than eight per cent from the total turnover of the last year.

The finished products that will be exported to Bulgaria include jute products, jute yarn, leather products, paper and paper products, soaps and detergent, specialised textiles and ready-made garments, electric cables, cutleries and handicrafts.

On the other hand, Bangladesh will import pig iron, raw cotton, steel strips, steel scraps, pharmaceutical raw materials, soda ash, caustic soda etc.

Later talking to newsmen, Mr Georgi Vutev said that the signing of the new barter protocol was a great step forward in the mutual benefit of both the countries. He said that his country would look forward to expand the volume of trade. He expressed his gratitude to Bangladesh for extending warm hospitality to his delegation during its stay in the capital.

Syed Amir Khasru said that Bulgarian Government was sympathetic to the Bangladesh Government's developmental efforts. He said under the new barter protocol Bangladesh would export more finished products to help generate employment in the country.

The Bulgarian trade delegation leaves Dacca today (Friday).

Official talks

Earlier, the first round of official level talks between Bangladesh and Bulgaria was held on Thursday morning at the State Guest House Meghna to finalise the ninth barter protocol between the two countries.

Mr Georgi Vutev and Syed Amir Khasru, led their respective sides in the talks, which lasted one hour.

Later talking to newsmen, Mr Vutev described the talks as "excellent" and said "we have exchanged views at a very friendly and cordial atmosphere", the two sides have taken very active approach to the benefits of our two countries, he added.

Mr Vutev, who is also Deputy Minister of Foreign Trade said that two working groups comprising experts had been constituted to work out details of the protocol.

The leader of the delegation said that his country was interested in setting up of tannery in Bangladesh in joint venture. He, however, said it was an idea which needed extensive and careful exchanges of views.

Asked whether Bulgaria would import non-traditional items from Bangladesh, Mr Vutev said that his country was keen to expand the volume of trade between the two countries on mutually advantageous basis.

The Bulgarian trade delegation arrived on Tuesday on a 4-day visit to sign the ninth barter protocol.

Ref: 4270/7086

TEXT OF 24 MAR MARTIAL LAW PROCLAMATION

Dacca THE BANGLADESH TIMES in English 25 Mar 82 pp 1, 3, 8

[Text] Martial Law has been proclaimed throughout Bangladesh with effect from March 24 and patriotic Armed Forces have taken over the responsibility of running the affairs of the nation.

Chief of Army Staff Lt Gen Hussain Muhammad Ershad has taken over as Chief Martial Law Administrator (CMLA). He has also assumed all and full powers of the Chief Executive and the Head of Government.

He will also act as the Commander-in-Chief of Bangladesh Armed Forces.

The President and his Council of Ministers have been removed from office.

The Constitution has been suspended and the Parliament has been dissolved.

The Chief Martial Law Administrator has appointed Rear Admiral Mahbub Ali Khan, Chief of Naval Staff and Air Vice Marshal Sultan Mahmud BU Chief of Air Staff as the Deputy Chief Martial Law Administrators.

A Martial Law Proclamation issued late Tuesday night said that it had become necessary to put the country under Martial Law in the greater national interest and the interest of national security.

The Proclamation said that a situation has arisen in the country in which the economic life has come to a position of collapse, the civil administration has become unable to effectively function, wanton corruption at all levels has become permissible part of life causing unbearable sufferings to the people, law and order situation has deteriorated to an alarming state seriously threatening peace, tranquillity, stability and life with dignity and bickering for power among the members of the ruling party ignoring the duty to the state, jeopardising national security and sovereignty.

Country has been plunged into a state of extreme frustration, despair and uncertainty.

In the greater national interest and also in the interest of national security it has become necessary to place the country under Martial Law and the responsibility has fallen for the same upon the Armed Forces of the country as a part of their obligation towards the people and the country.

As per the Proclamation, no court, including the Supreme Court or any tribunal or any authority shall have any power to call in question in any manner the Proclamation.

However, all Acts, Ordinances, President's Orders and other Orders, Proclamations, Rules, Regulations, by-laws, Notifications and other legal instruments in force in the morning of Wednesday shall continue to remain in force until repealed, revoked or amended.

According to the Proclamation there shall be a Council of Advisers/Council of Ministers to aid and advise the Chief Martial Law Administrator in the exercise of his functions. The advisers shall be appointed by the CMLA and they shall hold the office during his pleasure.

Following is the full text of the Martial Law Proclamation issued on Wednesday by Lt-Gen. Hussain Muhammad Ershad, Commander-in-Chief, Bangladesh Armed Forces and Chief Martial Law Administrator:

Whereas a situation has arisen in the country in which the economic life has come to a position of collapse, the civil administration has become unable to effectively function, wanton corruption at all levels has become permissible part of life causing unbearable sufferings to the people, law and order situation has deteriorated to an alarming state seriously threatening peace tranquillity, stability and life with dignity and bickering for power among the members of the ruling party ignoring duty to the state jeopardising national security and sovereignty.

And

Whereas the people of the country have been plunged into a state of extreme frustration, despair and uncertainty.

And

Whereas in the greater national interest and also in the interest of national security it has become necessary to place our hard earned country under Martial Law and the responsibility has fallen for the same upon the Armed Forces of the country as a part of their obligation towards the people and the country.

Now, therefore, I, Lieutenant General Hussain Muhammad Ershad, with the help and mercy of Almighty Allah and blessings of our great patriotic people do hereby take over and assume all and full powers of the Government of the People's Republic of Bangladesh with immediate effect from Wednesday, 24th March, 1982 as Chief Martial Law Administrator of the People's Republic of Bangladesh and do hereby declare that the whole of Bangladesh shall be under

Martial Law with immediate effect. Along with assumption of powers of Chief Martial Law Administrator I do hereby assume the full command and control of all the Armed Forces of Bangladesh.

In exercise of all powers enabling me in this behalf, I, Lieutenant General Hussain Muhammad Ershad do hereby further declare that:--

a. I have assumed and entered upon the office of the Chief Martial Law Administrator with effect from Wednesday, 24th March, 1982.

b. I may nominate any person as President of the country at any time and who shall enter upon the office of the President after taking oath before the Chief Justice of Bangladesh or any Judge of the Supreme Court designated by me. I may rescind or cancel such nomination from time to time and nominate another person as the President of Bangladesh. The President so nominated by me shall be the head of state and act on and in accordance with my advice as Chief Martial Law Administrator and perform such functions as assigned to him by me.

c. I may make, from time to time, Martial Law Regulations, Orders and Instructions among others;

(1) Providing for setting up of Special Military Courts, Tribunals and Summary Military Courts for the trial and punishment of any offence under Martial Law Regulations or Orders or for contravention thereof and of offence under any other law;

(2) Prescribing penalties for offences under such Regulations or Orders or for contravention thereof and special penalties for offences under any other law;

(3) Authorising any court or Tribunal to try and punish any offence under such Regulation or Order or the contravention thereof;

(4) Barring the jurisdiction of any Court or Tribunal from trying any offence specified in such Martial Law Regulations or Orders; and

(5) On any other subject or in respect of any other matter including any subject or matter specified in or regulated by or provided in any other law.

d. I may rescind the declaration of Martial Law made by this Proclamation, at any time either in respect of whole of Bangladesh or any part thereof and may again place whole of Bangladesh or any part thereof under Martial Law by a fresh declaration.

e. This Proclamation and the Martial Law Regulations and Orders and other Orders and Instructions made by me in pursuance thereof shall have the effect notwithstanding anything contained in any law for the time being in force.

f. The Constitution of the People's Republic of Bangladesh shall stand suspended with immediate effect.

ALL ACTS, ORDINANCES, President's Orders and other Orders, proclamations, regulations, Notifications, By-laws, Notifications and other legal instruments in force on the morning of Wednesday, 24th March, 1982 shall continue to remain in force until repealed, revoked or amended. The judges of the Supreme Court including the Chief Justice, Attorney General, Chief Election Commissioner, Chief Information Commissioner or Commissioners, Chairman and Members of the Public Service Commission, the Comptroller and Auditor General and others in the service of the Republic will continue to function. All proceedings arising out of and on application with writ petitions under article 102 of the suspended Constitution shall abate.

No court, including the Supreme Court, or tribunal or authority shall exercise any power to call in question in any manner whatsoever or declare illegal or void this proclamation or any Martial Law Regulation or Order or other Order made by me in pursuance thereof, or any declaration made by or under this proclamation, or mentioned in this proclamation to have been made, or anything done or any action taken by or under this proclamation, or mentioned in this proclamation to have been done or taken, or anything done or action taken by or under any Martial Law Regulation or Order or other Order made by me in pursuance of this proclamation.

Notwithstanding to the provisions aforesaid all courts, including Supreme Court, including tribunals immediately before this proclamation shall continue to function but subject to the provisions of Martial Law Regulation, Orders or other Orders made by me.

By Martial Law Regulations and Orders and other Orders and Instructions may be made by the Chief Martial Law Administrator.

There shall be a Council of Advisers/Council of Ministers to aid and advise the Chief Martial Law Administrator in the exercise of his functions. The advisers shall be appointed by the Chief Martial Law Administrator and shall hold the office during his pleasure. An Adviser may resign his office by writing his hand addressed to the Chief Martial Law Administrator. The Chief Martial Law Administrator shall be the Chief Executive and head of Government.

No persons holding office as President, Vice President, Prime Minister, Deputy Prime Minister, Ministers, Ministers of State, Deputy Ministers, Speaker, Deputy Speaker, Chief Whip and Whips immediately before this proclamation shall be deemed to have been ceased to hold office with immediate effect. The Council of Ministers and the Parliament which existed before this proclamation shall stand dissolved with immediate effect.

The Chief Martial Law Administrator may appoint Deputy Chief Martial Law Administrator, Zonal Martial Law Administrator, Sub Zonal Martial Law Administrator and District Martial Law Administrator for effective enforcement of Martial Law. However, the Chief Martial Law Administrator may delegate his power of appointing Sub Zonal and District Martial Law Administrators to the Zonal Martial Law Administrators. They shall exercise such powers and perform such functions which may be assigned to them by me from time to time.

I do hereby appoint:

- a. P No. 3 Rear Admiral Mahbub Ali Khan, Chief of Naval Staff and
- b. BD/4295 Air Vice Marshal Sultan Mahmud BU, Chief of Air Staff as Deputy Chief Martial Law Administrators.

I do hereby divide whole of Bangladesh into five Martial Law Zones in the following manner:

ZONE "A"--Civil Districts of: Dacca, Dacca Metropolitan City, Mymensingh, Rangail and Jamalpur.

ZONE "B"--Civil Districts of: Bogra, Rangpur, Dinajpur, Rajshahi and Pabna.

ZONE "C"--Civil Districts of: Chittagong, Chittagong Hill Tracts and Bandorhan.

ZONE "D"--Civil Districts of: Comilla, Noakhali and Sylhet.

ZONE "E"--Civil Districts of: Jessore, Khulna, Kushtia, Barisal, Patuakhali and Faridpur.

And appoint Zonal Martial Law Administrators as follows:

ZONE "A": BA--121 Major General Mohammad Abdur Rahman, General Officer Commanding 9 Infantry Division.

ZONE "B": BA--119 Major General RAM Golam Muktadir, General Officer Commanding 11 Infantry Division.

ZONE "C": BA--112 Major General Abdul Mannaf, General Officer Commanding 24 Infantry Division.

ZONE "D": BA--132 Major General Muhammad Abdus Samad, General Officer Commanding 33 Infantry Division.

ZONE "E": BA--183 Brigadier K M Abdul Wahed, Officiating Commander, 55 Infantry Division.

They shall hold the office during the pleasure of Chief Martial Law Administrator and shall be responsible for the effective enforcement of Martial Laws and maintenance of Law and Order in their respective area. I hereby delegate to them the authority to appoint Sub-Zonal and District Martial Law Administrators within their respective Zones.

This Proclamation, Martial Law Regulations, Orders and other Orders/Instructions made by me, during their continuance shall be the supreme law of the

...and if any other law is inconsistent with them that other law shall to the extent of inconsistency be void.

I may by order notified in the official Gazette amend this Proclamation.

Lieutenant General,
Hussain Muhammad Ershad
Commander-in-Chief
Bangladesh Armed Forces,
and Chief Martial Law
Administrator,

Dacca: 24th March, 1982.

CSO: 1220/7087

TEXT OF MARTIAL LAW REGULATION NO 1 OF 1982

Dacca THE BANGLADESH TIMES in English 26 Mar 82 pp 2, 3, 7

[Text] In pursuance of the proclamation of the 24th March 1982, and in exercise of all power enabling me in that behalf, I, Lieutenant General Hussain Muhammad Ershad, Commander-in-Chief, Bangladesh Armed Forces and Chief Martial Law Administrator of Bangladesh, do hereby make the following Regulations:

1. Martial Law Courts

(1) The Chief Martial Law Administrator may, by notification in the official Gazette, Constitute Special Martial Law Tribunal, Special Martial Law Court and Summary Law Courts for such areas as may be specified in the notification.

(2) A Special Martial Law Tribunal shall consist of a Chairman and four other members. The Special Martial Law Courts shall consist of a Chairman and two other members and a Summary Martial Law Court shall consist of a Chairman and two members.

(3) The Chairman of the Special Martial Law Tribunal shall be appointed from amongst the officers of the Defence Services not below the rank of Lieutenant Colonel or equivalents and the two other members shall be appointed from amongst officers, the junior commissioned officers and non-commissioned officers of the Bangladesh Army or their equivalent in the other Defence Services. Two other members may be appointed from among the officers of the judicial service and Magistrates.

(4) The Chairman of a Special Martial Law Court shall be appointed from among officers of the Defence Services or Bangladesh Rifles not below the rank of Lieutenant Colonel or equivalent or from among Sessions Judges and of the two other members of such Court, one shall be appointed from among the officers of the Defence Services or Bangladesh Rifles not below the rank of Major or equivalent or from among Assistant Sessions Judge and the other from among Magistrates of the first class.

(5) The Chairman of a Summary Martial Law Court shall be appointed from among officers of the Defence Services not below the rank of Major or equivalent or Magistrates of the first class and of the two other members, one

(15) be appointed from among officers of the Defence Services or Bangladesh Rifles not below the rank of Captain or equivalent and the other from among the Junior Commissioned Officers or equivalents from the Defence Services.

(16) The Chairman and members of the Special Martial Law Tribunals, Special Martial Law Courts and the Summary Martial Law Courts hereinafter referred to as the Martial Law Courts, shall be appointed by the Chief Martial Law Administrator.

(17) A Martial Law Court may try any offence punishable under any Martial Law Regulation or Order or under any other law.

(18) A Special Martial Law Tribunal and a Special Martial Law Court may pass any sentence authorised by the Martial Law Regulation or Order or Law for the punishment of the offence tried by it, and a Summary Martial Law Court may pass any sentence authorised by the Martial Law Regulation or Order or Law for the punishment of the offence tried by it except death, transportation or imprisonment for a term exceeding seven years.

A. Procedure of Martial Law Courts

(19) Except as otherwise provided in any Martial Law Regulation or Order, a Martial Law Court shall take cognizance of an offence punishable under any Martial Law Regulation or Order on a report in writing made by a Police Officer not below the rank of Inspector or an officer of the Bangladesh Bureau of Anti-Corruption not below the rank of Inspector or Deputy Assistant Director or an officer of any of the Defence Services not below the rank of a Commissioned Officer.

Provided that a Martial Law Court may take cognizance of an offence under Regulation 18 on a report in writing made by a Junior Commissioned Officer or equivalent in the Defence Services, Sub-Inspector of Police or an Assistant Inspector of the Bangladesh Bureau of Anti-Corruption, or equivalent in the Bangladesh Rifles.

(20) A Martial Law Court shall take cognizance of an offence punishable under any other law on a report in writing made by a Police Officer or any officer of the Bangladesh Bureau of Anti-Corruption if the Chief Martial Law Administrator or an Officer authorised by him in this behalf directs the making of such report to such Court.

(21) The Chief Martial Law Administrator or an officer authorised by him in this behalf may transfer a case from one Martial Law Court to another Martial Law Court or from a Civil or Criminal Court or Special Tribunal to a Martial Law Court or from a Special Martial Law Tribunal to a Special Martial Law Court.

Explanation: A case triable by a Court of Sessions may also be transferred to a Martial Law Court for trial.

(4) Proceedings in respect of an offence triable under these Regulations alleged to have been committed by any person may be taken before a Martial Law Court having jurisdiction in the place where that person is for the time being or where the offence or any part thereof was committed.

Explanation: When an offence triable under these Regulations is committed outside Bangladesh, it shall be deemed to have been committed within the territorial limits of the jurisdiction of the Martial Law Court within which the person committing the offence is found or was ordinarily residing before he left Bangladesh.

(5) A Martial Law Court may sit at such times and places as it deems fit or as the Chief Martial Law Administrator may direct; and if the Chairman of a Special Martial Law Tribunal or a Special Martial Law Court so decides, it may sit in camera.

(6) If in the course of a trial, anyone of the members of a Special Martial Law Court is, for any reason unable to attend any sitting thereof, the trial may continue before the other two members.

(7) A Martial Law Court trying an offence under these Regulations shall try such offence summarily and in trying such offence such Court shall follow the procedure laid down in the Code of Criminal procedure, 1898 (Act V of 1898), hereinafter referred to as the Code, for summary trial of make a memorandum of the summons cases.

(8) A Martial Law Court shall substance of the evidence of each witness as the examination of the witness proceeds.

(9) Where a Special Martial Law Tribunal or a Special Martial Law Court sits in camera, the Chairman of the Tribunal or Court may, if he deems necessary, require and person attending or otherwise participating in the conduct of the trial to make an other of secrecy that he will not disclose anything that may come to his knowledge in, or in connection with, such trial, and the disclosure of any information in contravention of the oath shall be punishable with imprisonment for a term which may extend to three years, or with fine, or with both.

(10) A Martial Law Court shall not adjourn any trial for any purpose unless such adjournment is, in its opinion, necessary in the interest of justice.

(11) If a Martial Law Court has reason to believe that an accused person has absconded or is concealing himself so that he cannot be arrested and produced before it for trial, it may, by order notified in the official Gazette, direct the said person to appear before it within such period as may be specified in the order; and if the said person fails to comply with such direction, he may be tried in his absence and his property, both movable and immovable, may be forfeited to the Government.

(12) The Chairman of a Special Law Tribunal or a Martial Law Court may make such arrangements as he deems necessary for the making of the memorandum of

... evidence, writing of judgment and administration of the affairs of the Tribunal or Court as the case may be.

(12) No lawyer shall appear or plead before a Summary Martial Law Court on behalf of the accused, but the accused may be assisted and advised by person he chooses who shall be called the friend of the accused.

(13) A person conducting prosecution before a Martial Law Court shall be deemed to be a public prosecutor.

14. Rules of Proceedings, etc.

(1) An appeal shall lie from any order, judgment or sentence of a Martial Law Court.

(2) All proceedings of a Special Martial Law Tribunal and Special Martial Law Courts shall, immediately after the termination thereof, be submitted to the Chief Martial Law Administrator for review.

(3) All proceedings of Summary Martial Law Courts shall, immediately after the termination thereof, be submitted to the Zonal Martial Law Administrator, within whose jurisdiction the trials were held, for review.

(4) The Chief Martial Law Administrator or, as the case may be, Zonal Martial Law Administrator may, on review confirm, set aside, vary or modify any order, judgment or sentence or make orders for retrial or such other orders as he deems necessary for the ends of justice.

(5) Subject to review, all orders, judgments and sentences of a Martial Law Court shall be final.

(6) No order, judgment, sentence or proceedings of a Martial Law Court shall be called in question in any manner whatsoever in, by or before any Court, including the Supreme Court.

(7) No Court, including the Supreme Court, shall call for the records of the proceedings of any Martial Law Court for any purpose whatsoever.

(8) No lawyer shall appear or plead before the Chief Martial Law Administrator or the Zonal Martial Law Administrator at the time of review of a case.

15. Trial De Novo

A Martial Law Court, unless it otherwise decides, shall not be bound to recall or re-examine any witness whose evidence has already been recorded or to re-open proceedings already held but may act with evidence already produced and recorded and continue the trial from the stage which the case has reached.

16. Persons to be Cognizable and Non-Bailable

(1) Persons punishable under any Martial Law Regulation or Order shall be cognizable.

Any person accused or convicted of an offence punishable under any Martial Law Regulation or Order shall, if in custody, be released on bail by any Court or Tribunal without the consent of the prosecution.

6. Enquiry and Investigation

(1) Any police officer not below the rank of Inspector or any officer of the Bangladesh Bureau of Anti-Corruption not below that rank of Inspector or Deputy Assistant Director or any Officer of any of the Defence Services not below any Commissioned Officer may enquire into any offence punishable under any Martial Law Regulation or Order before lodging or recording a First Information Report relating to such offence or may investigate any such offence after lodging or recording such report.

Provided that a Sub-Inspector of police or an Assistant Inspector of the Bureau of Anti-Corruption may enquire into or investigate an offence punishable under Regulation 18.

(2) An officer enquiring into or investigating an offence or case under any Martial Law Regulation or Order shall have, and may exercise, all the powers of an officer-in-Charge of a police station in the area in which he is for the time being, and may, at any stage of such enquiry or investigation:

(a) enter and search any house, building, premises, vehicle, aircraft or vessel or any other place and seize anything found therein or thereon, if such action is necessary for the purpose of enquiry or investigation or prosecution of the case;

(b) examine orally any person supposed to be acquainted with the commission of an offence or the facts and circumstances of the case;

(c) inspect and search any bank account or bank locker and freeze or seal the same and all papers connected therewith;

(d) arrest without warrant any person whom he reasonably suspects of having committed any offence punishable under any Martial Law Regulation or Order and commit him to such custody as the Government may, by general or special order specify;

(3) An officer making an arrest under paragraph (2) (d) shall forthwith inform in writing the Zonal Martial Law Administrator within whose jurisdiction the arrest has been made of the facts and circumstances relating to such arrest, and if such officer fails to make any report to any Martial Law Court against the person arrested by him within thirty days of the arrest, he shall order the release of that person from custody unless he obtains, in the meantime, from the Chief Martial Law Administrator permission in writing for the keeping of that person in custody beyond that period:

Provided that the Zonal Martial Law Administrator may order, subject to such conditions, if any, as he may deem fit to specify the release of any such

and the officer at any time if he is of opinion that it is not necessary to keep that person in custody.

(1) If an enquiry into any offence under any Martial Law Regulation or Order is made by the officer making the enquiry that there is sufficient ground of suspicion to justify the making of a report to a Martial Law Court without any investigation, such officer may, after making or recording a First Information Report relating to such offence, make such report to such Court without making any investigation in any other case such officer may, if the result of the enquiry so requires, make or record a First Information Report relating to such offence and then an investigation of the offence.

(2) Any statement made by any person to an enquiry officer in the course of an enquiry under any Martial Law Regulation or Order is reduced to writing and such statement shall be deemed to be a statement recorded under section 162 of the Code and the provisions of section 162 of the Code shall, in all respects, apply thereto.

(3) Any omission or irregularity in the course of enquiry into, or investigation of, any offence or case by the enquiry or investigation of, or by the making of a First Information Report shall vitiate the enquiry or investigation of such offence or case.

10. Trial of Withdrawn Cases

Nothing in the Code or in any other law for the time being in force, any case which was withdrawn at any time before the coming into force of these Regulations, whether or not any charge was required to be framed, and whether the accused was discharged or acquitted upon such withdrawal, shall be tried afresh.

11. Application of the Code

Nothing in the Code, so far only as they are applicable and not inconsistent with the provisions of any Martial Law Regulation or Order, shall apply to the proceedings of Martial Law Courts constituted under these Regulations.

(1) Any person who contravenes or abets the contravention of any of the provisions of any Martial Law Regulation shall be deemed to have contravened that Regulation.

12. Possession of Illegal Arms, Explosive Materials, etc.

Any person found in possession of any fire-arm, ammunition explosive or other dangerous material shall be punishable with death, or with transportation, or with rigorous imprisonment for a term which may

extend to fourteen years and shall also be liable to fine or to suffer confiscation of the whole or any part of his property.

(2) Where any fire-arm, ammunition or explosive is found in any place and no person claims it to be his own, the owner or occupier of place, shall, unless he proves to the satisfaction of the Court that he was not aware of the existence of such fire-arm, ammunition or explosive in such place, be deemed to be a person in possession of such fire-arm, ammunition or explosive without licence.

Explanation: For the purposes of these Regulations.

(a) "fire-arm, ammunition or explosive" includes fire-arm, ammunition or explosive in any condition whatsoever, whether or not serviceable or live, and no examination by any arms, ammunition or explosive expert shall be necessary to prove whether or not any article or thing is a fire-arm, ammunition or explosive and whether or not any fire-arm, ammunition or explosive is serviceable or live.

(b) "place" includes any house, building, premises, vehicle, vessel or aircraft.

11. Penalty for Corruption and Criminal Misconduct

Whoever, being a President, Vice-President, Minister, Minister of State or Deputy Minister, Speaker or Deputy Speaker, Member of Parliament, Chairman, Trustee, Member or officer of any local authority, statutory corporation or body corporate or of any other body or organisation, political or trade union leader, or a public servant within the meaning of Section 21 of the Penal Code (Act XLV of 1860), by corrupt, or illegal means or by otherwise abusing his position as such, has obtained or attempted to obtain, whether before or after the commencement of these Regulations, for himself or for any other person, property, movable or immovable or pecuniary advantage or caused prejudice to the economic or financial interest or security of the state, shall be punishable with death, or with transportation for life, or with rigorous imprisonment for a term which may extend to fourteen years, and shall also be liable to fine or to suffer confiscation of the whole or any part of his property.

12. Penalty for Possession of Illegally Acquired Property

Whoever has in his possession any property, movable or immovable, either in his own name or in the name of any other person on his behalf, which there are reasons to believe to have been acquired, whether before or after the commencement of these Regulations, by coercion, intimidation, extortion, force, fraud, undue influence, misrepresentation or any other improper or illegal means or which is disproportionate to his known sources of income, shall, if he fails to account for such possession to the satisfaction of the Court, be punishable with death, or with transportation for life, or with rigorous imprisonment for a term which may extend to fourteen years, and shall also be liable to fine and property shall be forfeited to the Government.

(1) **Fidelity for Offences Relating to the Defence Services, Civil Armed Forces, Police Forces, Ansars, etc. (1) Whoever,**

(i) impersonates or attempts to impersonate as an officer or any other member of any Defence Services or of the Bangladesh Rifles or of any Police Forces or of the Ansars;

(ii) causes or attempts to cause disaffection among, or prejudices, prevents or interferes with the discipline of or the performance of duties by, officers or other members of the Defence Services, the Bangladesh Rifles, the Police Forces or the Ansars;

(iii) induces or attempts to induce any officer or other member of any Defence Services or of the Bangladesh Rifles or of any Police Force or of the Ansars to fail in the performance of his duty as such;

(iv) brings or attempts to bring into hatred or contempt, or excites or attempts to excite disaffection towards, the Defence Services, the Bangladesh Rifles, the Police Forces or the Ansars;

(v) seduces or attempts to seduce any officer or other member of any Defence Services or of the Bangladesh Rifles or of any Police Forces or of the Ansars from his duty or allegiance to the Government; or

(vi) induces or attempts to induce any officer or other member of any Defence Services, or of the Bangladesh Rifles or any Police Forces or of the Ansars to commit mutiny or to indulge in any activities prejudicial to the defence, security or interest of the State or in any other anti-state activities,

shall be punishable with death, or with transportation for life, or with rigorous imprisonment for a term which may extend to fourteen years, and shall also be liable to fine or to suffer confiscation of the whole or any part of his property.

(2) **Whoever, being a retired released or dismissed officer or member of any Defence Services, or of the Bangladesh Rifles or of any Police Force or of the Ansars:**

(i) causes or attempts to cause disaffection among, or prejudices, prevents or interferes with the discipline of, or the performance of duties by, officers or other members of the Defence Services, the Bangladesh Rifles, the Police Force or the Ansars;

(ii) induces or attempts to induce any officer or other member of any Defence Services or of the Bangladesh Rifles or of any Police Force or of the Ansars to fail in the performance of his duty as such or to defy or disobey the command of his superiors;

(iii) brings or attempts to excite disaffection towards or creates or attempts to create hatred for the officers of the Defence Services, the Bangladesh Rifles, the Police Forces or the Ansars;

(d) instigates or attempts to instigate or incite the breach of discipline among the officers and other members of the Defence Services, the Bangladesh Rifles, the Police Forces or the Ansars;

(e) seduces or attempts to seduce any officer or other member of any Defence Services or of the Bangladesh Rifles or of any Police Force or of the Ansars from his duty or allegiance to the Government;

(f) taking advantage of his past association with the officers and other members of the Defence Services, the Bangladesh Rifles, the Police Force or the Ansars, Propagates any political opinion or preaches any political ideology among such officers and members or attempts to influence them for attaining any political goal or calls for their support for any political purpose or indulges in any other political activity among them;

(g) induces or attempts to induce any officer or other members of any Defence Services or of the Bangladesh Rifles or of any Police Force or of the Ansars to commit mutiny or to indulge in any activities prejudicial to the Defence Services or to the Bangladesh Rifles or to the Police Forces or to the security or interest of the State or in any other anti-state activities, shall be punishable with death, or with transportation for life, or with rigorous imprisonment for a term which may extend to fourteen years, and shall also be liable to fine or to suffer confiscation of the whole or any part of his property.

(3) When a person is sentenced to death under this Regulation, the sentence may be executed by shooting by a firing squad till he is dead or by hanging by the neck till he is dead as the Martial Law Court may direct.

(4) For the purpose of paragraph (3), a firing squad shall consist of five persons who may be members of any Defence Services or of the Bangladesh Rifles or of any Police Force as the Martial Law Court may direct.

14. Prohibition of Political Activities

No one shall either directly or indirectly participate in any political activity. Contravention of this Regulation shall be punishable with rigorous imprisonment for a term which may extend to five years and shall also be liable to fine. Explanation: In this Regulations "political activity" shall include organising any political party, canvassing, campaigning in public or private in respect thereof, providing financial or any other assistance to any political party or propagating the cause of any political party in any other manner whatsoever including taking out a procession by or in favour of a political party and includes a group or combination or persons who are operating for the purpose of propagating any political opinion or indulging in any other political activity.

15. Penalty for Criticising Martial Law

Whoever by word, either spoken or written, or by signs or visible representation or otherwise criticises the imposition, operation or continuance of

Martial Law or brings or attempts to bring into hatred or contempt or excites or attempts to excite disaffection towards the Chief Martial Law Administrator or any Zonal Martial Law Administrator or any other Martial Law Authority shall be punishable with rigorous imprisonment for a term which may extend to seven years, and shall also be liable to fine.

16. Penalty for Creating Panic, Fear etc

Whoever by any means spreads reports calculated to create panic, fear or alarm or despondency shall be punishable with rigorous imprisonment for a term which may extend to seven years, and shall also be liable to fine.

17. Penalty for Prejudicial Acts

(1) Whoever does any prejudicial act, or makes, prints, publishes, possesses or distributes any document containing, or spreads by any other means whatsoever, any prejudicial report, shall be punishable with rigorous imprisonment for a term which may extend to ten years, and shall also be liable to fine or to suffer confiscation of the whole or any part of property.

(2) In this Regulation:

(a) "prejudicial act" means any act which is intended or is likely--

(i) to prejudice national security or the defence of Bangladesh;

(ii) to prejudice the security or the public safety or interest of Bangladesh or the maintenance of peaceful condition in any part of Bangladesh;

(iii) to interfere with or encourage or incite interference with the administration of law or the maintenances of law and order;

(iv) to bring into hatred or contempt or to excite disaffection towards the Government;

(v) to instigate or incite directly or indirectly the commission or abetment of an offence punishable under section 121, 121A or 122 of the penal Code (Act XLV of 1960);

(c) "prejudicial report" means any report, statement or visible representation, whether true or false, which, or the publishing of which, is or is an incitement to the commission of a prejudicial act.

18. Penalty for Smuggling

(1) Whoever, in breach of any prohibition or restriction imposed by or under any law for the time being in force or evading payment of customs duties or taxes leviable thereon under any law for the time being in force, takes out of or conspires or makes preparation to take out of or brings into or conspires or makes preparation to bring into Bangladesh any goods including currency, shall, without prejudice to any confiscation or penalty to which

the goods or he may be liable under any law for the time being in force, be punishable with death, or with transportation for life, or with rigorous imprisonment for a term which may extend to fourteen years, and shall also be liable to fine or to suffer confiscation of the whole or any part of his property.

(2) Where any goods are seized in the reasonable belief that they have been smuggled into Bangladesh in contravention of any prohibition or restriction imposed by or under any law for the time being in force, the burden of proving that they are not smuggled goods shall be on the person from whose possession the goods are seized.

19. Penalty for Mischief by Fire or Explosive Substance etc

Whoever, with intent to cause, or knowing that he is likely to cause, wrongful loss or damage to the Government or to any statutory corporation, body or authority or to any company or firm or to any person, causes, or attempts to cause, by fire or any explosive substance the destruction of any goods, grains, raw materials, warehouses, godowns, mills, factories, or any such charge therein as destroys or diminishes its value or utility, shall be punishable with death, or with transportation for life, or with rigorous imprisonment for a term which may extend to fourteen years, and shall further be liable to fine or to suffer confiscation of the whole or any part of his property.

20. Penalty for Extortion

Whoever intentionally puts or attempts to put any person in fear of:

- (1) any injury to that person or any other person; or
- (2) death or grievous hurt to that person or any other person; or
- (3) an accusation against person or any other person of having committed or attempted to commit any offence punishable under any law and thereby dishonestly induces the person so put in fear to deliver to any person any money, property or valuable security or anything signed or sealed which may be converted into a valuable security;

Shall be punishable with transportation for life, or with rigorous imprisonment for a term which may extend to fourteen years, and shall also be liable to fine.

21. Penalty for Hoarding, Profiteering and Dealing in Blackmarket

(1) Whoever is found guilty of the offence of hoarding, profiteering or dealing in the blackmarket shall be punishable with rigorous imprisonment for a term which may extend to fourteen years, and shall also be liable to fine.

(2) A Martial Law Court convicting an offence of hoarding, profiteering or dealing in the black-market shall order the forfeiture to Government of anything in respect of which the offence was committed.

(3) Where an offence of hoarding, profiteering or dealing in black-market is committed by a firm, company or other body corporate, every partner, director, manager, secretary or other officer or agent thereof shall, if actively concerned in the conduct of the business of such firm, company or body corporate, be deemed to have committed the offence unless he proves that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of the offence.

(4) In this Regulation,

(a) "dealing in black-market" means, otherwise than in accordance with any law,

(i) selling, bartering, exchanging, supplying or disposing of articles rationed by or under any such law; or

(ii) using or dealing with any licence, permit or ration document issued by or under any such law;

(b) hoarding means stocking or storing anything in excess of the maximum quantity of that thing allowed to be held in stock storage at any one time by any person by or under any law;

(c) "profiteering" means selling or buying anything for purposes of trade at a price higher than the maximum price fixed by or under any law.

CO: 4220/7086

PAPER GIVES BIOGRAPHIES OF MILITARY LEADERS

Lt Gen H. M. Ershad

Dacca THE BANGLADESH TIMES in English 25 Mar 82 p 8

[Text] Following is the life-sketch of Lieutenant General Hussain Muhammad Ershad NDC, PSC, Commander-in-Chief and Chief Martial Law Administrator, reports BSS.

Lieutenant General Hussain Muhammad Ershad NDC, PSC was born on February 1, 1930 in Rangpur.

He had his early education at his home town and was graduated from the University of Dacca in 1950.

General Ershad joined the Officers Training School, Kohat Pakistan in 1952 as Gentleman Cadet and was commissioned in the Pakistan Army on September 17, 1952. He got his first appointment in 2 East Bengal Regiment. He also held several important appointments in different units and formations including the Adjutant, East Bengal Regimental Centre, Chittagong from 1960 to 1962.

He completed the staff course from the Quetta Staff College in 1966. He was D/O and B/M of 54 Brigade, Sialkot in 1968. On promotion to the rank of Lieutenant Colonel in 1969, he commanded 3-East Bengal Regiment from 1969 to 1970 and 7 East Bengal Regiment from 1971 to 1972.

On repatriation from Pakistan he was made Adjutant General of the Bangladesh Army and was promoted to the rank of Colonel on December 12, 1973.

Gen Ershad attended the National Defence College course at New Delhi from January to November, 1975. He was promoted to the rank of Brigadier in June 1975. In August the same year he was promoted to the rank of Major General and was appointed the Deputy Chief of Army Staff.

He was appointed as the Chief of the Army Staff on December 1, 1978 and was promoted to the rank of Lieutenant General on November 7, 1979.

General Ershad used to take keen interest in games and sports and cultural activities from his early life. He was the Literary Secretary of the

Carmichael College and edited the college magazine. He emerged as the sports champion of the Carmichael College in 1948. He later captained the Dacca Bengal Army Football team from 1953 to 1956 and held the football colour of the Pakistan Army. He is at present Chairman of the National Sports Control Board and President of the Bangladesh Lawn Tennis Federation.

General Ershad also held the chairmanship of co-ordination and Control Cell for national security, governing bodies of the Cadet Colleges and the Board of Trustees Sona Kalyan Sangstha. He is also the Chief Adviser of the Bangladesh Mukti Joddha Sangshad.

Rear Adm Mahboob Ali Khan

Dacca THE BANGLADESH TIMES in English 25 Mar 82 p 8

[Text] The following is the life-sketch of Rear Admiral Mahboob Ali Khan, psn. 25, Chief of the Naval Staff and Deputy Chief Martial Law Administrator.

Rear Admiral Mahboob Ali Khan, psn, BN, son of Late Mr Ahmed Ali Khan, M.A. (Dacca), Bar-at-Law, ex-MLA (Central) from Assam was born on November 1934 at Birhinpur, Sylhet, was grandson of Late Khan Bahadur Dr. Asgar Ali Khan, a renowned physician and philanthropist of his time. His brother Mr Gaznafar Ali Khan, CIE, OBE, was the first Muslim ICS of Bengal, Bihar and Orrisha.

A graduate in Science and Law he received his early education in Calcutta and was a student of Dacca Government College and Dacca University. He joined the Executive Branch of Pakistan Navy in 1952 as Cadet and did Combined Cadets Training at Joint Services Cadets School at Quetta. He attended Royal Naval College, Dartmouth, UK and underwent training on board British Air Craft Carrier "TRIUMPH" in 1954. After receiving permanent Commission on May 1, 1956, he underwent various courses in Royal Naval Institutions in UK including Royal Naval College, Greenwich. He also qualified as a specialist torpedo and Anti Sub-marine Warfare Officer from HMS VERNON in UK in 1963. He is also a graduate from Pakistan Naval Staff College. He attended a Senior Management Course in West Pakistan Institute of Management, Karachi. Rear Admiral Khan during his long tenure of service held various appointments both afloat and ashore.

He was Commanding Officer of Pakistan Navy Frigate TUGRIL in 1960 and Specialist (Torpedo) Anti Submarine Officer of Frigate TIPU SULTAN in 1964. He also worked as a Staff Officer (Training and Military Assistance) in Joint Chiefs Secretariat Ministry of Defence, RAWAL PINDI in 1967 and 1968.

He also served as Staff Officer (Underwater Warfare) in Pakistan Naval Headquarters, Karachi. He also commanded the Mine Sweeper PNS MUKHTAR in 1969 and held the last appointment as Officer-in-Charge, Torpedo Anti Submarine School at PNS HIMALAYA and Seaward Defence Officer, Karachi in 1970.

He escaped from Pakistan in October, 1972 and on arrival served as first Deputy Commandant of Mercantile Marine Academy at Chittagong. He was

reverted to Bangladesh Navy in September, 1974, and was appointed as Director of Personnel Services in Naval Headquarters.

In February, 1976 he was appointed as the Assistant Chief of Naval Staff of both Operations and Personnel Branches of Navy. Rear Admiral Khan Commanded the First Frigate of Bangladesh Navy BNS UMAR FAROOQ (Ex HMS LLANDAFF) on transfer to Bangladesh Navy from Royal Navy in December 1976 and brought the Ship to Bangladesh after making goodwill visits to Ports in Algeria, Yugoslavia, Egypt, Saudi Arabia and Ceylon.

He was appointed as Chief of the Naval Staff in November 1979 and was promoted to the rank of Rear Admiral on January 1, 1980.

He was also the Chairman of the Armed Forces Pay and Pension Committee set-up by the Government to examine the present pay structures of the Services is the out-come of the committees long deliberation on the subject.

Rear Admiral Khan is a keen lover of Sports and takes special interests in Football, Badminton and Tennis.

He was married and has two daughters.

Air Vice Marshal Sultan Mahmud

Dacca THE BANGLADESH TIMES in English 25 Mar 82 p 8

[Text] The following is the short life sketch of Air Vice-Marshal Sultan Mahmud BU acec Chief of the Air Staff and Deputy Chief Martial Law Administrator:

Air Vice-Marshal Sultan Mahmud hails from the district of Noakhali. Second son of Mr. Nurul Huda, Air Vice-Marshal Sultan Mahmud did his early education from Armanitola Government High School, Dacca and later joined P.A.F. Public School, Sargodha. He joined the Pakistan Air Force in 1960 and is a qualified Fighter Pilot and Helicopter Pilot. At various times he had undergone advance training in Iran and Soviet Union. He is also a graduate of the Air Command and Staff College and Academic Instructors' School of the United States Air Force.

During the Liberation War, he served initially with the Ground Forces of Sector I. He was the pioneer commander of the first Bangladesh Air Force contingent formed during the Liberation War. In recognition of his contribution to the Liberation War and personal valour, he was awarded Bir Uttam. Immediately after the Liberation, he was one of the leading officers of the B.A.F. to have been actively engaged in the reconstruction of the Bangladesh Air Force. Since then, he had held many important appointments in the B.A.F. To his credit he commanded B.A.F. Base-Bashar, B.A.F. Base-Matiur Rahman and the B.A.F. Academy. At Air Headquarters he held key appointments like Director of Operations and Assistant Chief of Air Staff (Administration). He was appointed Chief of the Air Staff on 23 7 1981 and was promoted to his present rank on 16 12 1981.

Father of two Children Air Vice-Marshal Sultan Mahmud is a man of highly amiable disposition and a very keen sportsman who represented the Academy in Football.

EDUCATIONAL COOPERATION AGREEMENT BETWEEN MALAYSIA, BRUNEI

Kuala Lumpur NEW STRAITS TIMES in English 19 Mar 82 p 1

[Text]

BANDAR SERI BEGAWAN, Thurs. — Malaysia and Brunei have reached an agreement to co-operate in a number of fields, particularly in education and training as well as administration, Datuk Musa Hitam said here today.

The Deputy Prime Minister said Malaysia also agreed to allocate a number of places for Brunei students in its institutions of higher learning, polytechnics and vocational schools.

Datuk Musa, on the second day of his goodwill visit to Brunei, added that it was apparent that Brunei's priority would be in the

general arts to provide its students with basic education for administration.

"I am glad that Malaysia is not merely on the giving end as Brunei has also offered places, complete with scholarships, for Malaysian students at secondary or college level to pursue Islamic studies.

Asean

"The standard of education here is advanced enough for us to take up the offer," he told Malaysian reporters.

Datuk Musa said Malaysia had also offered to train Brunei officers in certain missions abroad in manning over-

seas missions and also to increase the intake of Brunei officers to the National Institute of Public Administration (Intan).

Datuk Musa said during his discussions with General Advisor Pehin Datuk Haji Isa Datuk Haji Ibrahim and the Sultan, he briefed them on Malaysia's foreign policy and "our keenness to see Brunei joining the community of nations, particularly Asean, as well as the Islamic Conference Organisation".

"Malaysia will be very happy to sponsor Brunei's entry into these organisations."

On the proposal to establish an international Islamic university in Malaysia, Datuk Musa said Malaysia would like

to see Brunei's participation in the management and administration of the university.

"I look forward to Brunei coming out with some proposals and offers."

On Bahasa Malaysia, Datuk Musa said Brunei would be sending representatives to the coming meeting of the Malaysian-Indonesian joint committee on common spelling in Palembang, Indonesia.

The Deputy Prime Minister added that Brunei had slowly been adopting the new spelling system.

He saw no problem for Brunei to join the committee on a tripartite basis once it became independent. — Bernama.

CSO: 4220/594

NATIONAL ECONOMY ALMOST COMPLETELY DEPENDENT ON OIL

Vulnerability of Dependence

Kuala Lumpur BUSINESS TIMES in English 27 Mar 82 p 22

[Article by Hardev Kaur]

[Text]

THE 5,765 square kilometres oil rich Sultanate of Brunei which Deputy Minister Datuk Musa Hitam visited last week has a higher per capita income than Australia or Japan. In 1979 this was estimated at US\$10,680.

The 200,000 population of the Sultanate pay no personal income tax and are provided with free medical care and education. The state is almost entirely dependent on its oil and gas resources for generating income.

Nine-tenths of the income is earned from oil. Brunei Shell Petroleum Company, in which the Royal Dutch Shell and the government each have a 50 per cent share, makes exceptional profits.

The state's foreign reserves, all of which are invested overseas, now total B\$19.8 billion (M\$21.78 billion) and the state's budget surplus this year is expected to be B\$5.2 billion (M\$5.72 billion). Its trade surplus last year was B\$5.6 billion (M\$6.66 billion).

In 1980 some 240,000 barrels a day (bpd) of oil were produced from the onshore field of Seria and the two offshore fields of Champion and Southwest Ampa.

However, in view of the current oil glut in the world, production has been reduced to 170,000 bpd in 1981 and further to around 160,000 bpd recently. Shell says that the known reserves of oil could last well into the 21st century.

Brunei also has the world's largest and the

first natural gas liquefaction plant for natural gas capable of producing six million tonnes of liquefied natural gas a year. All of this is exported to Japan under a long-term contract.

The oil industry relies heavily on expatriates. While it provides nine-tenths of the income and almost all the exports it employs less than a tenth of the Sultanate's work force.

The leadership in Brunei is aware of the vulnerability of depending on only one source of revenue and is keen to diversify.

As early as 1962, the formulation of a National Development Plan pointed out the need for diversification as well as to reduce and avoid marked disparities in the prosperity and growth of the different areas of the state.

With full independence for Brunei just round the corner, the leadership is already looking into development projects to benefit the people.

Datuk Musa, during his three-day goodwill visit to the Sultanate, was impressed with the eagerness of the leadership in pursuing development.

While finance may not be a problem for Brunei, the shortage of skilled labour and the small domestic market have resulted in poor response from the private sector. Much of the initiative therefore comes from the government.

Any diversification into other industries obviously has to be export oriented.

Brunei which had hitherto been isolated is beginning to look to its neighbours — particularly those of Asean. An official in Bandar Seri Begawan said, the population is becoming more interested in happenings in this part of the world.

The leadership is also aware of the need to train its people to take over the key positions from the expatriates gradually.

Malaysia, as Datuk Musa said, is prepared to provide training to Brunei personnel at the various institutions of higher learning, polytechnics and Institute Technology Mara.

Transfer of technology from Malaysia is also expected to be one of the areas of cooperation and Brunei is expected to draw lessons from Malaysia's experience in socio-economic planning.

Some attempts are being made to diversify the economy. The third five year plan — 1975-1979 — had allocated B\$760 million (M\$836 million) mainly for education, health, communications and agriculture.

The fourth plan for 1980-1984 has increased development spending to B\$1.7 billion (M\$1.86 billion). Most of it has been allocated to facilities for road, sea and air transport, postal services, and tele-

communications, electricity and water services, schools and hospitals.

There is plenty of scope for agricultural development as only a tenth of the area is cultivated. Attention has thus been given to ways of increasing the production of rice and other food crops and livestock.

Brunei's needs to diversify in this direction are underlined by the fact that it still imports 80 per cent of its food needs. Thailand supplies about 75 per cent of the rice consumed in the state.

Rubber production, once the mainstay of the economy before oil was discovered in 1929, has been on the decline: in 1978-1979 production was 138 tonnes compared with 145 tonnes the previous year and 208 tonnes in 1968-1969.

With full independence Brunei is expected to join Asean — all five countries have publicly said they would welcome Brunei's membership: it is also expected to join the Commonwealth, the United Nations and the Islamic Conference and avail itself of the cultural, economic and political benefits that may accrue.

Its membership of Asean will no doubt allow it improved access to neighbouring markets and draw upon these neighbours for whatever economic assistance it may need. — Hardev Kaur

Entry Into ASEAN Foreseen

Kuala Lumpur BUSINESS TIMES in English 25 Mar 82 p 22

[Editorial: "Warm Welcome for Brunei"]

[Text]

BRUNEI is getting ready for the future. Although the oil-rich Sultanate will not become independent until the end of 1983, it is already being welcomed with open arms to the Asean fold because of the many areas in which the interests of the Sultanate and the Asean five converge. This is underlined by the fistful of agreements concluded during Datuk Musa Hitam's visit to Brunei last week. Politically, Malaysia and its Asean partners have made it clear that the Sultanate can depend on the goodwill and support of its neighbours. The response is obviously positive as evident from the fact that the Sultan's brother, Pengiran Muda Mohamed Beikiah, led a team of observers to the Asean Foreign Ministers' meeting in Manila last June.

Relations between Singapore and Bandar Seri Begawan have always been mutually friendly while those with the Philippines and Thailand have never encountered the strains arising from Indonesia's support in the Sukarno period for an abortive rebellion in 1963 by the Brunei People's Party led by A.M. Azahari. But that is past history since the successor regime in Jakarta has respected Brunei's right to manage its own affairs. Similarly, the slight chill between Malaysia and Brunei of the late 1960s has given way to a warm relationship based on mutual interest as seen from the string of visits exchanged between the two royal houses and government leaders in recent years. This is indicative of the shared perception that close regional ties provide a bulwark against any external threat to peace and stability in South-East Asia.

Both Asean and Brunei stand to gain from cooperation. This is illustrated by the fact that Malaysia has agreed to help to train government personnel and to allow students from Brunei entry into local universities.

With a population of less than one-quarter of a million, efforts to set up manufacturing industries in Brunei will be greatly facilitated if it gained access to the regional market on a preferential basis. Additionally, Asean also provides an excellent outlet for some of Brunei's burgeoning reserves which are currently invested elsewhere in the world. Asean with its high growth potential can offer, notwithstanding the temporary slowdown it is now experiencing, a rate of return equal to, if not better than, that offered by industrial countries.

With nine-tenths of its total income derived from exports of oil and gas, Brunei has become increasingly keen to build alternative sources of income for an oil-less future. Attention is also being devoted to increasing the production of rice, livestock and fodder crops in order to lessen its heavy dependence on food supplies from abroad. Malaysia's own efforts to attain self-sufficiency in rice and to reduce its reliance on rubber and tin in the last two decades, as well as current efforts to establish oil and gas-based industries, may provide some pointers for Brunei's economic planners. Since only one-tenth of the area suitable for agriculture has been cultivated, there is tremendous scope for expansion for which the Sultanate may wish to draw on Malaysia's experience.

ANNUAL GROWTH RATE OF 6.6 PERCENT UNDER THIRD 4-YEAR PLAN

Kuala Lumpur BUSINESS TIMES in English 20 Mar 82 p 2

[Text]

RANGOON, March 19

BURMA achieved an annual growth rate of 6.6 per cent in the past four years when national development plans were successfully implemented, Deputy Prime Minister Tun Tin said.

Speaking in the 470-member People's Congress (parliament) Tun Tin said the 1978-1981 third four-year plan called for an annual growth of 5.5 per cent in the Gross National Product to reach 18.1 billion kyats in 1981.

"The plan was successfully implemented, and we have achieved a 6.6 per cent annual growth and a GNP of 18.76 billion kyats by 1981," he said.

Tun Tin said progress in agricultural and forestry sectors was responsible for the growth of above targets.

More than 670 million baskets of padi were harvested in 1981 although the planned target was 630 million baskets.

Exports of teak and hardwood doubled to 265,000 long tons in 1978-81 period compared with exports in the previous four-year plan period, he stated.

Tun Tin attributed the success in agriculture to special high yield projects under which chemical fertilisers, quality seeds, and pesticides and modern farming equipment were given to farmers.

He said the value of agricultural production had increased to 4.8 billion kyats in 1981 from 3.4 billion kyats in 1978.

The forestry sector registered the next highest growth. — Reuter

CSO: 4220/595

G. K. REDDY NOTES IMPROVEMENT IN TIES WITH UK

Madras THE HINDU in English 1 Apr 82 p 1

[Text] The Economic Affairs Committee of the Cabinet met today to consider offers of more extensive industrial collaboration and bigger financial aid packages emerging from the Prime Minister, Mrs. Indira Gandhi's talks in London last week on increased Indo-British cooperation in various spheres.

The Cabinet sub-committee dealing with exports met later to see what could be done to intensify bilateral trade both in the traditional and non-traditional fields for redressing the present adverse trade balance with Britain.

Singrauli super thermal plant: Apart from settling the remaining details of the Rs. 2,000-crore contract with the Davy McKee group for the construction of the Paradip steel plant, India will be starting negotiations soon with another British consortium for setting up a 1,000 MW super thermal power plant at Singrauli and an associated coal mine involving an outlay of Rs. 1,000 crores.

The British industry, which has already secured orders for the supply of boilers and allied equipment for the Thal and Hazira fertilizer plants, is making a determined bid to win a Rs. 600-crore contract for building a new eight-berth port outside Bombay to relieve congestion. It is also trying to enter into a collaboration agreement for the progressive manufacture of an electronic telecommunications system.

More bilateral aid: In addition to a promise to make its full share of contribution to the next replenishment of the International Development Association (IDA) and persuade other donor countries like West Germany, France, Canada and Japan to follow its example, Britain has offered to step up bilateral aid which had come down in the last two years from Rs. 240 crores to Rs. 125 crores as a result of the cuts in its overseas aid programmes. As one of the principal beneficiaries of the IDA loans, India will suffer considerably if the U.S. attempts to scale down the contributions or set new criteria for entitlements were accepted by the other donor nations.

The two Governments have also agreed to take all possible measures to step up Indo-British trade. The British have promised not only to step up their

own import quotas but also use their influence to secure better opportunities for increased trade with the European Common Market. The question of textiles including handlooms and garments, will receive special attention during the follow-up discussions.

Jaguar manufacture: But a sore point with Britain is that, having entered into a comprehensive deal to buy the first lot of fully assembled Jaguars, then import sub-assemblies and finally manufacture these aircraft under licence, India has been having second thoughts on the manufacturing part of this agreement. Though India has assured Britain that it would abide by its commitments that are irrevocable and exercise the right to opt out of only that part of the agreement where it had the choice to do so for whatever reason, Britain sees no great justification for abandoning the manufacturing programme.

It was initially agreed to buy 40 Jaguars in fly away condition and assemble another 45 from sub-assemblies imported from Britain. India had subsequently offered to import another 30 aircraft in semi-knocked down condition as a sort of compensation for giving up the commitment to manufacture 45 more under licence. But Britain has been complaining that for one reason or the other India has been dragging its feet over the purchase of these extra aircraft that were to be partly built with indigenously made components, including some electronics systems. The matter has been taken up at the highest level by the British Government to have some finality about this whole deal involving altogether about Rs. 2,000 crores.

Envoy's record: It goes to the credit of the outgoing British High Commissioner, Sir John Thomson, that during his five-year tenure in Delhi he has been able not only to improve Indo-British relations but also step up economic cooperation considerably to the point of securing firm contracts or carrying forward negotiations to the final stages for the supply of British equipment totalling over Rs. 5,000 crores. This is, indeed, a record achievement for any diplomat and more so in the case of a British High Commissioner, since there has been a marked increase during this period of British aid.

LSO: 4220/7081

DELEGATE SPEAKS IN UN DEBATE ON ISRAEL

New Delhi PATRIOT in English 3 Apr 82 p 3

[Text] India urged in the Security Council that it should take punitive action under the UN charter against Israel for its refusal to implement UN resolutions on the Palestine question and for its repressive policies against Palestinians.

Speaking in the resumed discussions yesterday in the Council on recent incidents in the West Bank involving Arab casualties, deputy permanent representatives of India S V Purushottam said that events on the West Bank, Gaza and in the Syrian Golan Heights, which necessitated meetings of the council, had a 'disturbing familiarity' about them.

The Council began these discussions on 24 March on a complaint from Jordan against Israel's action in ordering the forcible dissolution of the Al-Bireh Municipal Council in the West Bank and the subsequent firing on Arab demonstrators ordered by Israel.

Mr Purushottam said that the recent eruption of violence on the West Bank was the direct consequence of the intensification of Israel's annexationist measures aimed at colonising Palestinian land and terrorizing the Palestinian people into submission.

He said the solution to the problems on the West Bank and on the other occupied territories could not be found by the mere reinstatement of a municipal council or by the re-appointment of the mayor of one city or the other. The rights of the Palestinian people to their own homeland had long been recognized by the international community.

He said their oppression and subjugation by Israel had to end. The occupation and annexation of Palestinian land by Israel should cease and Israel should unconditionally withdraw from all Arab territories under its illegal occupation since 1967, thereby paving the way for the establishment of a Palestinian State.

Discussion were inconclusive and would be resumed on a date to be fixed by the council president.

CSO: 4220/7084

OUTCOME OF INDO-SOVIET SHIPPING SERVICE TALKS TOLD

Bombay THE TIMES OF INDIA in English 2 Apr 82 p 5

[Text] Indian shipping lines have expressed their concern over the long waiting period for Indian ships at Soviet Black Sea ports. The waiting period ranges from 30 to 60 days.

The Soviet Black Sea ports are chronically congested because of the heavy unloading of imported grain, which enjoyed a preference over other cargo. In fact, the Soviet Union saved substantial foreign exchange by attending to the grain imports immediately, thus avoiding any demurrage.

According to informed sources, Indian ships were, in a way, subsidising the Soviet Union's imports by bearing the brunt of berthing delay on themselves.

This topic was discussed at the annual meeting of the Indo-Soviet shipping service held at Goa last week. The Soviet delegation assured the Indian lines that at the port of Ilyichevsk about 1,500 tonnes of cargo would be off-loaded per day, thus expediting the unloading operation. Also, two berths would be reserved exclusively for the Indian lines. In an attempt to derongest the Black Sea ports, the Soviet authorities had decided to divert the cargo to the far eastern ports of Russia.

Another major decision taken by the meeting was to increase the number of outward sailings to 110, against 96 made in 1981. The inward sailings' targets has been fixed at 72. Last year, the inward sailings between India and Russia worked out to only a little over 30.

The increased sailings have been necessitated by the jumping trade figures between the two countries. While the exports from India are expected to be around 750,000 tonnes, the imports would be around 300,000 tonnes.

This imbalance has been affecting the operational economy of the Indian shipping lines. Most of our ships carried cargo to the Soviet Union and their return cargo mainly comprised crude and petroleum products. Indian lines often returned with three-fourths of the ship empty. This aspect served as a damper to the regular container services.

Both the shipping teams, while recognising containerisation as a realistic solution to the problem of congestion caused by conventional vessels at the Soviet Black Sea Ports, agreed to modernise the transportation between the two countries. Under the agreement signed by the delegations, a container pool would be established and various organisations within the Soviet Union like the railways and road network would co-ordinate for the success of the container operations.

In view of the enhanced tariff announced by the Suez Canal authorities from January 1, 1982, both the shipping teams agreed to increase the Suez surcharge to 15 per cent from the existing 13.

CSO: 4220/7082

CONSALVES TO HEAD DELEGATION TO PRC TALKS

Bombay THE TIMES OF INDIA in English 2 Apr 82 p 1

[Text] Mr. Eric Consalves, secretary in the external affairs ministry, will lead the Indian delegation at the next round of talks with China to be resumed here in the first half May.

Mr. Consalves, who was head of the Indian delegation at the first round of official level talks held in Beijing in December, will later this year be posted in Brussels as ambassador to the European Economic Community.

The Chinese foreign ministry has proposed to send a ten-member delegation headed by Mr. Fu Hao, who was recently appointed head of Asian affairs. Mr. Fu Hao, was China's ambassador to Japan till recently and served in India in the fifties as a counsellor. Mr. Fu Hao is familiar with the elements of the border problem.

The Chinese foreign office made a formal proposal to the Indian embassy in Beijing last week to resume talks as early as possible to strengthen the process of normalisation of relations between the two countries. Even though earlier talks held in December were more in the nature of a preliminary engagement, they seemed to have given both sides some confidence to prepare the ground for serious negotiations.

China has taken an initiative to have talks only with India. It has raised pre-conditions for negotiations with both the United States and the Soviet Union. In fact, Sino-American relations have of late lost its thrust evident in the wake of Shanghai declaration.

CSO: 4220/7082

HUNGARIAN AMBASSADOR TELLS AID OFFERED INDIA

New Delhi PATRIOT in English 3 Apr 82 p 7

[Text] Hungary has offered technical cooperation in mining research and exploration activities in India, reports UNI.

Announcing this in a statement in New Delhi on Friday on the eve of the 37th anniversary of the liberation of Hungary which falls on 4 April Hungarian Ambassador in India Ferenc Turi said cooperation between the two countries in trade and industry had been progressively expanding.

He said the trade turnover in 1980 was 18 per cent more than that of the previous year. The increase was 45 per cent in 1981.

Dr Turi said in the biggest stadium for the Asian Games, spectators would be able to follow the events through a Hungarian made electronic score board.

Dr Turi said in the field of telecommunications, Hungary had expanded relations in organising the production of radio telephones in India. Hungary's participation in the construction of Calcutta underground railway was only one of the possibilities of cooperation explored in the field of transport industry. There were many other fields like the production of heavy trucks and trolley buses, in which both the countries could cooperate.

Dr Turi said unlike the previous years the present national day celebrations in India carried particular significance for Hungary and India celebrated the 20th anniversary of the signing of the cultural agreement on 30 March.

He said talks were going on for signing the new cultural and scientific technical exchange programme for 1982-83.

Mr Turi said Hungary wholeheartedly supported the non-aligned policy of India which also aimed at promoting harmonious relations among the states of the Indian sub-continent.

He said his country also favoured the proposal for making Indian Ocean as a zone of peace.

Mr Turi said, 'we support India's efforts for the economic uplift of its people and her struggle for self-reliance.'

He said Hungary noted with satisfaction India's struggle to preserve peace and international detente.

CSO: 4220/7084

GANDHI TALKS WITH JOURNALISM STUDENTS REPORTED

New Delhi PATRIOT in English 3 Apr 82 p 8

[Text] Prime Minister Indira Gandhi on Friday exhorted the Press to exercise its power with responsibility, reports UNI.

Talking to Osmania University journalism students who called on her, Mrs Gandhi declared: "we have a free press and I am all for it".

She said the press should develop a sense of national pride also help in solving rather than complicating problems afflicting the nation.

She, however, commended "most of the press" in the country for showing a sense of responsibility.

It was ironic, Mrs Gandhi said, that in modern times the press all over the world sought to sensational events and happenings.

While this attitude of the press did not do any damage in affluent nations, in poorer countries sensationalism slowed down the pace of progress, the Prime Minister observed.

Asked about negative writing in the press, Mrs Gandhi felt it was largely exaggerated and that there could be no general remarks in this regard.

She said the entire press was not doing negative writing. "It is applied to only one or two newspapers and even there, only to one or two individuals".

Mrs Gandhi made it clear as not against criticism. While giving a critical point of view, she felt the positive aspects should also be taken note of.

About the non-aligned news pool, Mrs Gandhi said when it was formed there were misgivings that it would only dish out the views of the respective governments. Nevertheless, it was better to have some news from developing countries rather than nothing at all. If some news was found to be incorrect, it could always be contradicted.

To a pointed question, the Prime Minister said there need not be any conflict between national and regional newspapers.

Asked why India was not being projected abroad in proper perspective, Mrs Gandhi said this could not be attributed entirely to the media. This was due more to the fact that the press abroad did not want such news from this country.

She felt Indians living abroad and those going overseas should be able to project the correct image of their country.

Talking about the three-language formula, Mrs Gandhi said she firmly believed in it. It was easy for a peasant to study an Indian language rather than a foreign language.

CSO: 4220/7084

CENSUS OF FOREIGN FIRMS' INDIAN ASSETS URGED

New Delhi PATRIOT in English 3 Apr 82 p 4

[Text] The Public Accounts Committee has expressed surprise over the fact that a comprehensive census of assets and liabilities of foreign companies has not been carried out since December 1961 and the Government has to rely only on the annual reports filed by enterprises having foreign investment.

The committee in its 75th report presented to Parliament has observed that 'with the coming into force of the Foreign Exchange Regulation Act (FERA) 1973, prescribing maximum foreign shareholding for different kinds of enterprises, the annual reporting by enterprises has become increasingly unsatisfactory with the result that reasonably reliable data on outstanding foreign investment have not become available for the period subsequent to 1976.

The committee has been informed that since the FERA marked a watershed on the area of our foreign investment policy a full census of the country's foreign assets and liabilities which would provide benchmark data for preparation of annual estimates for subsequent years, would now be undertaken by the Economic Department of the Reserve Bank of India from 31 March 1981.

According to the committee, 172 companies had applied under section 29 of the FERA with non-resident interest more than 40 per cent.

The committee has observed that the total paid up capital of such companies amounted to Rs 352.50 crore of which the capital held by the non-residents amounted to Rs 313.04 crore. Thirteen of these companies still have 90 to 100 per cent non-resident holding while as many as 21 have non-resident holding between 70 per cent and 90 per cent.

The committee has been further informed that the RBI was presently engaged in a study of FERA companies with a view to ascertaining the impact of FERA process, impact on capital market and on the inward and outward flow of remittances.

The committee has suggested that Parliament should be apprised of the findings of the RBI study, the measures taken to improve data base and efforts made to dilute non-resident share-holding.

CSO: 4220/7084

ONGC REPORTED TO EXCEED 1981-82 PRODUCTION GOALS

New Delhi PATRIOT in English 3 Apr 82 p 7

[Text] The Oil and Natural Gas Commission (ONGC) has exceeded the drilling and production targets for the year ending March 1981-82.

Oil supplies reached 13.199 million tonnes during the year against 9.215 million tonnes in the previous year, an increase of 43 per cent, according to an ONGC release on Friday.

In 1981-82, the offshore oil production was eight million tonnes, a 60 per cent increase over the production of five million tonnes in the previous year.

In spite of problems in Assam during the year, crude oil target of 1.80 million tonnes as slated for 1981-82 has been fully met.

The western region supplied 3.424 million tonnes of oil as against the original target of 3.2 million tonnes. Further, the enhanced production of crude oil set in December, 1981 at the level of 3.46 million tonnes was well within the achievement but for the restricted intake of Koyali refinery due to problems of LSHS disposal.

In drilling, against the total target of 299438 meters ONGC drilled 321718 meters. This is a 52 per cent increase over the drilling metreage reached last year.

ONGC exceeded the offshore drilling target by 14 per cent. It drilled 111.01 meters in the year 1981-82 which is 43 per cent more than the drilling metreage of 1980-81.

While the drilling target onshore in the western region has been exceeded by 11 per cent, the drilling target for Assam was also exceeded. The highest ever cycle and commercial speeds were achieved in the last quarter of the year 1981-82 in the Assam area. Onshore, ONGC drilled 210.706 meters during 1981-82, which is 57 per cent more than the drilling metreage of 1980-81 and exceeded the target set for 1981-82, the release said.

CSO: 4220/7084

CAPABILITIES OF HAL-ASSEMBLED JAGUAR TOLD

Madras THE HINDU in English 1 Apr 82 p 1

[Text] The first Indian-assembled Jaguar aircraft took to the sky here this morning watched by the Defence Minister, Mr. R. Venkataraman, and a select gathering. Assembled by the Hindustan Aeronautics Limited, the aircraft was flown by the Chief Test Pilot of HAL, at Bangalore, Wing Commander, M. W. Tilak.

The sleek aircraft took off at 10-10 a.m. and disappeared in a few seconds. It came back from the eastern end of the runway to take steep turns to the left and then to the right. It flew at slow speed for some time followed by high speed runs and climbs before landing with a parachute opening out at the rear to slow it down.

The workmen, engineers and officers of the HAL, Bangalore, cheered as the aircraft rolled to a stop.

Among those present were the Union Minister for Shipping and Transport, Mr. Veerendra Patil, the Deputy Defence Minister, Mr. K. P. Sing Deo, Air Chief Marshal, Dilbagh Singh, the Chief of the Air Staff, the Defence Secretary, Mr. P. K. Kaul, Secretary, Defence Production, Mr. M. C. Sarin, and the Secretary, Research and Development, Mr. Arunachalam, who had specially come from Delhi this morning.

The Karnataka Chief Minister, Mr. R. Gundu Rao, the Cooperation Minister, Mr. G. U. Srikanthiah, and Air Marshal E. P. R. Nair, Air Officer Commanding-in-Chief, Training Command, IAF were also present.

Pride and 'a step forward': The Defence Minister, who congratulated Wing Commander Tilak as soon as he got down from the Jaguar, presented him with a replica of the aircraft. "Our pilots have proved their ability to fly any kind of aircraft, however, sophisticated it might be", he said.

"We are very proud we have been able to assemble the Jaguar and then fly it so perfectly. The achievement is a credit to the engineers, workmen and our fliers. I wish them all success in the endeavour", said Mr. Venkataraman.

The Chief of Air Staff said, "We are really proud that soon we will be getting a product manufactured within the country. Today we have taken a big step forward".

The Indian-assembled Jaguar was to have been tested in September, this year. "The delivery date has been advanced by about four months as a result of the hard work and high degree of skill of the employees", said Mr. B. K. Kapur, HAL Chairman.

"Very nice to handle": The 48-year-old Chief Test Pilot was all admiration for the aircraft. "It was excellent and very nice to handle. For the first flight it behaved excellently", he told newsmen.

Wing Commander Tilak, commissioned in the Air Force in 1952, was a fighter pilot and instructor from 1952 to 1956. After a test pilot's course at the Empire Test Pilots' School, the U.K., he has served as a test pilot since 1959. In January 1972, he was awarded the 'Ati Vishist Seva medal' for distinguished service. Since November 1980, he has been the Chief Test Pilot at HAL. He has flown over 50 different types of aircraft and has to his credit over 8,000 flying hours. He had only about 10 flying hours in the Jaguar before today's flight.

Greater thrust: The Jaguar, assembled at HAL, is primarily used in the role of long range interdiction. It can also be effectively used for counter air operations and tactical close support. It is fitted with two RR Turbomeca Adour Mk.811 engines with after burner. This engine has greater thrust than those on the Jaguars of the Royal Air Force and the French Air Force. The maximum speed of the aircraft at low level is Mach 1.2 (1.2 times the speed of sound) and Mach 1.7 at high altitude.

The HAL-assembled Jaguar will be fitted with close combat air-to-air Matra magic missiles, avionic system designed by HAL, Hyderabad, and the most modern navigation and weapons system.

Increase in indigenous content: Later speaking to newsmen the Defence Minister and the Chief of the Air Staff said the first Indian-manufactured Jaguar was expected to be ready by the end of 1983.

Forty Jaguars would be got in a fly-away condition and 45 would be assembled and also progressively manufactured gradually increasing the indigenous content. The assembly programme is expected to end by 1985.

Mr. Venkataraman said they might also consider manufacturing more aircraft in due course. "We are also going in for the improved version of MIG aircraft and are negotiating for them". The improved version was not yet identified, he said. Negotiations for the purchase of Mirage were on and it was too early to talk about the number of aircraft to be bought.

The Chief of Air Staff said the air and ground crew were fully capable of handling the Jaguar on the ground and in the air. "We keep on developing and adding more and better equipment", he said.

Replicas of the Jaguar were presented as mementoes to Mr. Venkataraman and Mr. Gundu Rao on behalf of HAL.

CSO: 4220/7081

BRIEFS

TRADE WITH ROMANIA--The Federation of Indian Chambers of Commerce and Industry (FICCI) has urged Romania to increase the off-take of Indian goods, particularly engineering items and consumer durables, with a view to liquidating the rupee balances of Rs. 100 crores accumulated by that country. The issue was raised at a meeting with the visiting business delegation led by Mr. Ion Constantinescu, president of the chamber of commerce and industry of Romania. The Indian delegation led by Mr. G. K. Devarajulu, FICCI president, included Mr. A. K. Jain, vice-president, and Mr. Binay Kumar, president of the Federation of Indian Exports' Organisation. The two sides discussed the expansion of two-way trade and establishment of joint ventures. The FICCI president expressed satisfaction over the increased turnover of Indo-Romanian trade. The visiting delegation said it would identify the items that could be supplied by India, particularly non-traditional items like engineering, chemical and electronic products. It also offered to supply to India automatic telephone exchanges, sophisticated machine tools and electronic equipment. It was agreed that technical symposia should be organised so that the two sides could appreciate each other's capabilities. [Text] [Bombay THE TIMES OF INDIA in English 2 Apr 82 p 9]

CSO: 4220/7083

JAKARTA EX-GOVERNOR RAPS SUHARTO'S REGIME

BK251415 Hong Kong AFP in English 1349 GMT 25 Apr 82

[Text] Jakarta, 25 Apr (AFP)--President Suharto's "new order," meant to correct the mistakes of his predecessor Sukarno, has only perpetuated them "in a more disguised way," says Ali Sadikin, former governor of Jakarta.

Mr Sadikin, one of the current regime's staunchest opponents, told AFP that he would not vote in the 4 May general elections and would refuse to stand for the presidency in 1983 if a party proposed him as a candidate.

Mr Sadikin, 54, popular governor of Jakarta from 1966 to 1977 and now a retired lieutenant general, is considered a "bang ali," or big brother, in Indonesia. But his criticisms of the regime rarely reach the public. His actions, petitions and open letters are systematically passed over in silence by a local press subject to censorship.

"In attacking us incessantly, the government does our propaganda for us," Mr Sadikin said. "The presence of former members of the armed forces in our group (an opposition group known as 'Petition 50' since its petition in 1980) doubtless worries them."

"Many of the military agree with us today and reject their 'dual role'" in the government and civilian administration as well as the armed forces, he said.

"Suharto uses this 'dual role' to keep his power and we shall never have a civilian as president if this state of affairs continues," Mr Sadikin said.

"The army, necessary for any change, hinders the process of democratisation. Today the army makes war on our own people."

Mr Sadikin said that the pro-governmental Golkar Party "would be powerless and nonexistent without the support of the bureaucrats and the army."

He said that "President Suharto's right of veto within the Golkar makes the other two parties (the Moslem United Development Party and the Indonesian Democratic Party) seem less authoritarian."

the former governor said that the often-violent campaign for the general elections had highlighted a "growing boldness" on the part of the Indonesian opposition. "When the government started its electoral campaign a year ago, the (opposition) parties were silent; today they are exploding," he said. "They have shown their strength and electoral frauds will trigger fierce protests."

Mr. Sadikin said that President Suharto would have no reason to fear any rival candidate in 1983 as he seeks a fourth 5-year term since the assembly votes by open ballot. "No group would dare vote against Suharto," he said.

"Personally, I shall not vote in the general election and would refuse to stand if a party put forward my name as a candidate because there are laws that should be changed first," Mr. Sadikin said.

Calling the Petition 50 opposition "an investment for the young generation," he said: "We have become the government's 'bete noire.' We are accused of having caused the March riots in Jakarta," which left several people dead and 100 injured.

Mr. Sadikin, known for his spontaneity and his occasional explosions of anger, concluded with a smile: "But if that is the case, what a strong man I am."

OSU: 11/30/553

GENERAL NASUTION CRITICIZES SUHARTO ADMINISTRATION

Kuala Lumpur BUSINESS TIMES in English 15 Mar 82 p 23

[Article by Peter Griffiths in Jakarta]

[Text]

INDONESIA'S most distinguished dissident, former defence minister Abdul Harris Nasution, has launched a fresh attack on President Suharto's government as campaigning starts for this year's general election.

Nobody doubts that the ruling military-backed "functional group," Golkar, will win a third overwhelming victory in the May 4 poll. The economy is buoyant if not booming, food production is at an all-time high and General Suharto's grip on the reins of power is stronger than ever.

Malpractices

The already weak official opposition parties, the Muslim-dominated United Development Party (PPP) and Nationalist Democratic Party (PDI), have also suffered internal rifts.

The officially-permitted 45-day campaign period begins today but under new regulations the texts of speeches must be submitted to the authorities for approval two weeks in advance.

The parliamentary election, and next year's selection by the Upper House of President Suharto for a fourth term, should progress like the time-honoured conventions of a traditional puppet play.

If there are any hiccups in the formalised script they are likely to emanate not from the of-

ficial opposition but from Gen Nasution and his supporters.

Gen Nasution, a 63-year-old retired general, was among 50 influential Indonesians who petitioned Parliament in 1980 to censure President Suharto for not establishing a more democratic system.

Since then, the so-called Group of 50, which includes retired military officers, politicians and academics, has issued several statements alleging abuses of authority, deviations from the country's 1945 constitution and electoral malpractices.

In his latest statement, circulated last week, Gen Nasution, as the sole signatory, appeals to the armed forces to consider what he describes as deviations from the constitution they are pledged to uphold.

The statement takes the form of an open letter and 11-page memorandum addressed to the chairmen of the House of Representatives and the People's Consultative Congress (Upper House).

In essence, it reminds the military establishment that following the 1965 abortive communist coup (in which Nasution himself narrowly escaped communist assassination squads) it set out to correct the Sukarno administration's constitutional violations.

Now, according to

Gen Nasution, the Suharto Administration is perpetuating itself in power by retaining emergency decrees and laws after a decade of stability, by retaining extra-constitutional bodies like the powerful Kopkamtib National Security Agency, and by a system under which a sole presidential candidate is elected by acclamation from a Congress only 30 per cent of which is directly elected.

Ban

It is difficult to estimate how much affect, if any, the statements of Gen. Nasution and his group will have on the electorate and the election. The local Press is banned from publicising these statements.

Nevertheless, officials are confident this year's poll will be the smoothest and quietest of any to date and National Security chief Admiral Sudomo assured businessmen at a lunch last week: "I would like to invite you to continue and increase your investment in Indonesia, where stability is guaranteed."

It is Congress which will choose the new president next year and if, as expected, it is Gen Suharto he will have ruled the country for 21 years by 1983 — longer than Indonesia's first President Sukarno. — Reuter

MAJORITY OF INDONESIAN TRADE WITH SINGAPORE IS ILLICIT

Kuala Lumpur BUSINESS TIMES in English 15 Mar 82 p 5

[Text]

JAKARTA, March 14

LEADING Indonesian commercial weekly, the *Bisnis News*, on Friday accused Singapore of being reluctant to announce trade data with Indonesia.

"Singapore is reluctant to announce statistical data on its trade with Indonesia because most transactions are illicit," the weekly said.

This illicit trade, meaning smuggling of Indonesian goods into Singapore, constitutes the source of life of the business world in Singapore, it said.

"But Indonesia has to eradicate this kind of

trade practices because it harms Indonesia's foreign exchange earnings," it said.

Indonesia's exports to Singapore increase annually and in 1980 official exports reached US\$2.5 billion, it said.

Singapore is the third biggest importer of Indonesian products after Japan whose imports total US\$10.7 billion and the United States' US\$4.3 billion, it added.

The weekly described as a "brave step" Indonesia's plan to establish direct trade links with consumer countries by bypassing Singapore. — AFP

801-4220/596

STRINGENT GOVERNMENT REGULATIONS MAIN CAUSE OF EXPORT DECLINE

Kuala Lumpur BUSINESS TIMES in English 26 Mar 82 p 19

[Article by Richard Cowper in Jakarta]

[Excerpts]

STRINGENT government export restrictions, together with poor prices caused Indonesia's commodity export earnings to fall over 40 per cent in real terms in 1981. Export volume fared little better with all main commodities well down on last year with the notable exception of non-oil minerals.

In nominal terms foreign exchange receipts fell from US\$5.4 billion in 1980 to around US\$3.6 billion in 1981 — a decline of 34 per cent. But with inflation for the year estimated by the government at a conservative 7 per cent, the drop was over 40 per cent in real terms.

It was clearly a very depressing year for Indonesia, the world's second largest producer of rubber, tin, palm oil and tropical hardwood, but worldwide recession was only partly to blame. Indonesian government regulations designed to change Indonesia's trading patterns were an important cause of the decline.

According to preliminary figures obtained from the Bank of Indonesia, earnings from logs, palm oil and shrimps declined by over US\$1.1 billion in 1981, accounting for over 60 per cent of the total decline in commodity export earnings of US\$1.8 billion. In all these three sectors stringent government regulations rather than

weak demand and poor prices were mainly responsible for the decline in both export volume and earnings.

The Bank of Indonesia figures showed exports of tropical logs — for nearly a decade the country's top commodity export — fell around 50 per cent from US\$1.9 billion in 1980 to an estimated US\$933 million in 1981.

This was largely due to an estimated 44 per cent drop in export volume from 14 million cubic metres in 1980 to around 8.2 million cubic metres in 1981 caused by a series of government regulations aimed at ultimately stopping log exports altogether and turning Indonesia into the world's largest exporter of plywood. This was the lowest level of Indonesian log exports since 1970.

This year the government plans to reduce exports by a further 35 per cent to four million cubic metres and aims to eliminate them altogether by 1985. From being the world's largest exporter of tropical hardwood logs for much of the 1970s Indonesia is now falling rapidly behind East Malaysia, which last year exported around 14 million cubic metres.

Continuing government intervention together with growing domestic demand for cooking oils also forced a big drop in palm oil and palm kernel

exports last year. Preliminary figures from the Bank of Indonesia show palm oil and kernel export earnings fell an astonishing 65 per cent in value from US\$224 million in 1980 to an estimated US\$75 million in 1981. The government's policy of substituting palm oil for coconut oil in cooking saw export volume decline from around 434,000 tonnes in 1980 to an estimated 150,000 tonnes in 1981, according to the bank. It was the lowest level of palm oil exports for more than a decade.

Export earnings for rubber — Indonesia's second largest commodity export — fell an estimated 20 per cent from US\$1.1 billion in 1980 to an estimated US\$820 million in 1981. Export volume was down less than 10 per cent on last year's total of 977,000 tonnes, according to the Bank of Indonesia, and the fall was equally due to the decline in rubber prices over the year.

The average monthly price for RSS Two in New York, for example, was around 69 US cents per pound in 1980, but fell 26 per cent to around 51 US cents per pound in 1981. A number of rubber experts are puzzled at the way export volume held up during the year following reports in the autumn that many smallholders were cutting production by 50 per cent. Indonesia did however maintain its position as the world's

second largest producer and exporter of natural rubber next to its South-East Asian neighbour Malaysia.

Volume

Coffee — until recently one of the bright spots on the Indonesian commodity scene — had its worst season for four years, partly because of a savage cut in Indonesia's export quotas by the International Coffee Organisation. According to the Bank of Indonesia, coffee export earnings fell by over 40 per cent from US\$450 million in 1980 to an estimated US\$272 million in 1981. The bank estimates that export volume was down around 12 per cent to an estimated 210,000 tonnes in 1981.

As with last year the only sector which did reasonably well was minerals, and even here there was a decline in export earnings of around 9 per cent from US\$780 million in 1980 to an estimated US\$715 million in 1981.

Tin, which had what could be called a second-half boom thanks to the intervention on the world market of a mystery buyer, still fell 8 per cent in value from US\$461 million to an estimated US\$426 million, with volume marginally up on last year's 31 million tonnes. Indonesia moved up into second place behind Malaysia, the world's largest tin exporter. — FT

INDONESIA

BRIEFS

EX-PKI MEMBERS DETAINED--Yogyakarta, 19 Apr (ANTARA)--Sultan Hamengkubuwono IX, campaigning for Golkar, disclosed Sunday [18 April] several persons including ex-members of the banned Communist Party PKI had been detained in the Yogyakarta region for involvement in the instigation of riots during the current elections campaigning. The sultan made the revelation when he spoke at a Golkar campaign mass rally in Godean, Sleman Regency. Asked on the matter, the military authority in Yogyakarta confirmed that a number of PKI members who had been released from imprisonment at Buru Island had been detained. The sultan in his speech at the Godean mass rally advised Golkar people to be always on the alert against efforts to disrupt unity. Paid rioters should not be given opportunity to destroy national cohesion, he said. The United Development Party (PPP) had also been campaigning in Godean Saturday afternoon before the Golkar's Sunday mass rally. [Excerpt] [BK190847 Jakarta ANTARA in English 0746 GMT 19 Apr 82]

CSSR, GDR ENVOYS--Jakarta, 10 Apr (ANTARA)--President Suharto Saturday [10 April] welcomed the desire of Czechoslovakia to expand trade with Indonesia and hoped the two countries would find new ways for further cooperation especially in the economic field. The head of state made the remark in reply to Gustav Husak, the new Czechoslovak ambassador to Indonesia, who presented his letters of credential at the presidential Merdeka Palace. President Suharto Saturday also received the credentials of the new East German ambassador to Indonesia, Werner Peters, who replaced the previous ambassador, Eberhard Feifter. [BK140339 Jakarta ANTARA in English 0944 GMT 10 Apr 82]

PAYMENTS DEFICIT--Jakarta, 14 Apr (AFP)--Indonesia has a balance of payments deficit of \$828 million for the 1981-82 fiscal year that ended on 1 April, the Bank of Indonesia said today. Export values were less than the target while imports were higher than the estimate, a bank official said. The export target (both oil and non-oil) was \$26,029 million, but only \$23,716 million materialised. The import target was \$18,062 million but the amount reached was \$21,587 million. Taking into account the amount of foreign aid, the deficit will be approximately \$828 million, the bank said. State revenues from oil, Indonesia's main foreign exchange source, totalled \$19,516 million, an increase of 15.6 percent over the previous fiscal year. Non-oil exports totalled \$4.2 billion, a drop of 24.8 percent. [Text] [BK140929 Hong Kong AFP in English 0641 GMT 14 Apr 82]

NEW ENVOY TO SWEDEN--Jakarta, 30 Apr (AFP)--The government has named Alex Rumanbi as the new Indonesian ambassador to Sweden succeeding Achmad Jumiril who has been appointed director general of state protocol, the Foreign Office said today. Mr Jumiril replaced Joop Ave who has been appointed director general for tourism. [Text] [BK301445 Hong Kong AFP in English 0220 GMT 30 Apr 82]

CSO: 4220/553

JOINT PANELS TO BE SET UP WITH GULF STATES

Kuala Lumpur BUSINESS TIMES in English 12 Mar 82 p 22

[Text]

MALAYSIA is to expand its relations with the Gulf states by setting up joint committees to discuss matters of mutual interests, Foreign Minister Tan Sri Ghasali Shafie said yesterday.

Speaking to reporters in Kuala Lumpur, he said this was the outcome of the recent visit by Prime Minister Datuk Seri Dr Mahathir Mohamad to the Gulf states.

Tan Sri Ghasali, who accompanied Dr Mahathir on the recent visit, said bilateral committees would be set up for each of the Gulf states and would be under the chairmanship of the respective foreign ministers.

He said the committees would meet regularly. It has been suggested that these meetings should be held at least once a year to discuss matters of mutual interest, he added.

With the setting up of these committees, Malaysia's relations with the Gulf states would be put on a more "substantive and formal footing."

Tan Sri Ghasali said Malaysia has signed

several cultural and scientific agreements with the Gulf states during the premiership of the late Tun Razak but there was a lapse in follow-up efforts much to the regret of both sides.

During his talks with the Gulf states' foreign ministers, the idea of co-operation between Asean and the Gulf Cooperation Council, the regional body set up by the six Gulf states, was mooted and well received by them.

Tan Sri Ghasali said he would be taking up this matter with his Asean counterparts, and added that he had already sent a note to Singapore, the current chairman of the Asean committee.

Referring to the efforts of the Organisation of Islamic Countries to help resolve the Iran/Iraq conflict, Tan Sri Ghasali said Malaysia had been invited to serve on the "technical committee." He would be serving on this committee as representative of the Prime Minister.

LEADERS OF DISSIDENT RELIGIOUS GROUP ARRESTED

Kuala Lumpur NEW STRAITS TIMES in English 28 Mar 82 pp 1, 4

[Text]

KUALA LUMPUR, Sat.— Police have arrested nine leaders of a group advocating deviant religious teachings and which aimed to overthrow the Government by unconstitutional means.

The leaders of the deviant religious group, which called its teachings *Crypto*, were picked up in Penang, Petaling Jaya, Port Klang and here. They are being held under the Internal Security Act (ISA).

They were rounded up in raids on Tuesday night and the following day.

A statement issued by Federal Police Headquarters today said that among those arrested was the founder and leader, Mokhtar bin Hassan, 38.

It said the followers of the *Crypto* doctrine had been very active since early 1978 and concentrated their activities in Selangor, Kedah and the Federal Territory.

Ridiculed

Initial investigations revealed that *Crypto* had about 100 followers made of up of various races. However, the majority of them were Malays.

The statement said that during the raids police seized several *Crypto* documents, publications and materials.

The statement said that some of the publications ridiculed Islam and other religions while advocating the establishment of a "Government of Theocracy" and exhorting its followers to struggle with "arms and blood" to build a *Crypto* nation in Malaysia and the whole world.

There were also documents pointing directly to the establishment of a "Theocratic Government of *Crypto*".

These included a diagram showing the structure of the "*Crypto* Government" and its parliamentary set-up.

Other items included:

- A uniform for the group's leaders;

- THE symbol and flag of the *Crypto* Government;

- SAMPLES of currency to be issued by the *Crypto* Government;

- SAMPLES of identity cards, passports, and visas that would be issued by the *Crypto* Government, and.

- A list of persons who were selected to hold important posts in the *Crypto* Government.

The statement said police also seized *Crypto* teaching materials which claimed that the Jewish race was supreme and were the chosen people of God to guide and rule the world based on the law of "Judgment Day."

Police said investigations were still continuing.

NOTE: The Oxford Universal Dictionary describes "Theocracy" as a form of Government administered by a priestly order.

— Police said the founder and leader of *Crypto* was Mokhtar bin Hassan, 38, of Jelutong Timur in Penang.

The police statement said Mokhtar was a bomoh and former Silat Pulut teacher who had no fixed occupation.

He was arrested by the Selangor Religious Office on Feb. 8, 1978 for false religious teachings in Selayang Baru and was sentenced to 80 days jail.

He served his sentence.

The others arrested were:

- YUSOFF bin Ahmad, 33, a clerk working in Penang. He was deputy to Mokhtar;

- MOHAMED Jamil bin Hassan, 37, younger brother and senior aide to Mokhtar. He was a van driver in Penang;

- ABDUL Rashid bin Abdul Majid, 24, senior aide to Mokhtar, staying in Petaling Jaya;

- SULAIMAN Ahmad, 34, senior aide to Mokhtar, living in Sungai Petani;

- ABDULLAH bin Thamby, 30, senior assistant to Mokhtar, living in Bukit Bangsar. He worked with an advertising firm;

- K. Laxman, 54, a senior aide to Mokhtar. He was a technician in Port Klang;

- MOHAMED Nazir bin Mohamed Hassan, 24, also a senior aide. He stayed in Petaling Jaya and worked as an office boy; and,

- ABU Talib bin Mohamed Amin, 33, another senior aide, living in Petaling Jaya. He worked as a clerk.

NATIONAL DEFENSE ACADEMY WILL HAVE THREE COLLEGES

Kuala Lumpur NEW STRAITS TIMES in English 24 Mar 82 p 4

[Text]

KUALA LUMPUR, Tues. — The Government is setting up a \$333 million Academy of National Defence Studies in Templer's Park, Selangor, official sources said today.

The sources said that preliminary work on the huge complex had started, including soil tests and area survey.

The complex would be a new site for the Armed Forces Staff College and the Armed Forces Defence College which are currently located at the Ministry of Defence headquarters here.

Also to be built on the 300-acre site would be the

new National Institute of Defence Studies for the training in strategic warfare of brigadier-generals and those above.

The sources said the Ministry had not acquired all the 300 acres for the project.

They added that the small portion of land for the project had yet to be approved by the State Government but there would be no problems in obtaining approval for the land.

The sources said the government had decided on 1988 as the latest date of completion for the multi-storey complex.

On the administration of the three colleges, the sources said it would be done on a co-ordinated basis unlike now where each college, excluding the National Institute of Defence Studies, is administered separately by the respective commanding officers.

The complex has a training capacity for more than 600 military officers per year

The Armed Forces Staff College — 60 officers; the National Institute of Defence Studies — 30 Generals; and the Armed Forces Defence College — 400 officers.

The complex when completed would not only have training facilities but also living quarters for instructors and trainees and administrative blocks.

The sources said the site was selected because it provided an ideal training ground and the environment was conducive to the establishment of such institutions.

The sources said training of instructors could be done in several countries, including India and Britain (National Institute of Defence Studies courses), Australia (Advanced Training for Armed Forces Defence College) and United States, Thailand, Philippines, Indonesia and others (Armed Forces Staff College).

CSO: 4220/597

MASSIVE TRADE DEFICIT RECORDED IN 1981

Kuala Lumpur BUSINESS TIMES in English 19 Mar 82 p 22

[Text]

PENINSULAR Malaysia chalked up a massive trade deficit of \$2.79 billion last year against a surplus of \$1.75 billion recorded the previous year.

According to the Statistics Department, Peninsular Malaysia's exports last year were valued at \$20.78 billion while its imports totalled \$23.57 billion.

The deficit in December last year was \$609.2 million compared with a deficit of \$88 million for the same month in 1980.

The major portion of the import bill of Peninsular Malaysia last year was for machinery and transport equipment which were valued at \$4.18 billion, accounting for 34.7 per cent of total imports.

Other major import items were mineral fuels and lubricants \$4.93 billion, manufactured goods \$3.49 billion, food \$2.47 billion and chemicals \$1.94 billion.

Inedible crude materials valued at \$4.71 billion topped the list of exports in 1981.

This was followed by mineral fuels and lubricants \$3.72 billion, animal and vegetable oils and fats \$3.21 billion, machinery and transport equipment \$2.58 billion and tin \$2.13 billion.

The largest single import item of Peninsular Malaysia in 1981 was electrical machinery, ap-

paratus and appliances with imports amounting to \$3.02 billion.

Imports of road vehicles (including "air cushion" vehicles) were valued at \$1.53 billion, crude petroleum \$2.85 billion, petroleum and petroleum products \$2.01 billion, and iron and steel \$1.16 billion.

Among exports of Peninsular Malaysia last year, rubber was the main earner with exporter totalling \$3.60 billion against \$4.44 billion in 1980.

Crude petroleum exports amounted to \$3.42 billion last year, slightly up from the previous year's value of \$3.28 billion.

Exports of palm oil also rose from \$745.4 million in 1981 to \$1.07 billion last year.

However, exports of sawn timber fell from \$993.6 million in 1980 to \$756.3 million last year.

Exports of thermionic valves and tubes were nearly halved from \$2.29 billion in 1980 to \$1.20 billion last year.

In 1981, Peninsular Malaysia's main trading partners included Asean countries, Japan and the European Community.

Its exports to Asean countries were valued at \$5.49 billion while its imports from them amounted to \$3.60 billion, resulting in a surplus of \$1.89 billion. — Bernama

MAHATHIR: FOREIGN AID, INVESTMENT CANNOT BE RELIED ON

Kuala Lumpur BUSINESS TIMES in English 16 Mar 82 pp 1, 2

[Text] INFLOWS of long-term foreign capital, while important for financing imports of capital goods and in drawing in foreign know-how and technology, cannot be relied upon to finance the investment and development process in Third World countries.

Speaking at the opening of the second international symposium on the mobilisation of personal savings in developing countries in Kuala Lumpur yesterday, the Prime Minister said external inflows "are not a reliable source of funds; often, they are not forthcoming when you need them most."

Citing the World Bank's World Development Report 1981, Datuk Seri Dr Mahathir Mohamad pointed out that foreign capital financed less than one-seventh of the total investment in the non-Opec developing countries in 1973-1978.

This limited the role of foreign investment showed "we have all along been depending on ourselves" despite the widespread publicity given to foreign assistance, be it official development aid or foreign direct investment.

Dr Mahathir said that even for the handful of developing countries which have access to international commercial borrowing to supplement their savings, the prospects have become poorer.

The international banks are becoming increasingly reluctant to enlarge their exposure, especially in the light of recent developments in Eastern Europe.

The Prime Minister added that this adverse development was not surprising, considering that the world's major capital markets were situated in the industrial nations. "We borrow at their pleasure even though, ironically, much of the funds which they mobilise to on-lend are the reserves of the Third World, especially those of the oil-exporting countries."

Moreover, the high interest rates, as well as the already large outstanding debt, will discourage potential developing countries from increasing their borrowing from private sources significantly to avoid serious debt servicing problems, Dr Mahathir said.

"All these point to the need for us in the developing world to help ourselves. The continuing uncertainties surrounding the changing international environment necessitate urgent re-thinking on the future of domestic economic management," the Prime Minister added.

Central to this process must be the promotion of a higher rate of domestic savings to finance greater investment outlays in order to stimulate growth and undertake the necessary structural

transformation.

Dr Mahathir said that developing countries of the South cannot depend for the attainment of their common objective of raising living standards on the North or the industrial nations.

In the 1980s, he said, developing countries like Malaysia were faced with an increasingly hostile international environment of increasing protectionism and frequently negative growth in the major industrial economies which meant poor demand for primary commodities.

But at the same time rapid inflation in the developed countries was causing steep price increases in the capital goods needed by the developing nations.

There are few signs of meaningful structural adjustments in the major industrial countries to overcome the effects of stagflation of the 1970s that they have transmitted to the rest of the world.

"If they refuse to adjust, the impact on the rest of us will be very severe. It has been projected that the non-Opec developing countries will probably be able to increase their average GNP growth by only four per cent per annum, or even less, in the 1980s, as against six per cent and five per cent per annum in the 1960s and 1970s respectively, Dr Mahathir said.

"For most developing countries, particularly the least developed, balance of payments problem will be intolerable."

Dr Mahathir told the participants of the symposium that besides considering mobilisation of personal savings to support accelerated development, they should also consider how the increased flow of savings could be channelled effectively to those who did not normally have ready access to credit, such as the small-scale agricultural, industrial and handicraft enterprises.

"From the view-point of development policy, their development is vital because in the final analysis, it is the small agricultural and non-farm enterprises, as well as the poorer segment of our population, that need to be strengthened in order to generate the higher productivity that is so very essential for the upliftment of their living standards," Dr Mahathir said.

In Malaysia it was found necessary for the government and the Central Bank to act, in partnership with private enterprises, to ensure that small-scale enterprises and the financially-disadvantaged had access to their due share of the credit which they would not otherwise have in a completely free market.

ESSO INCREASES EXPLORATION, DEVELOPMENT BUDGET

Kuala Lumpur BUSINESS TIMES in English 16 Mar 82 p 1

[Text]

ESSO Production Malaysia Incorporated plans to spend \$1.1 billion on oil exploration and development this year, an increase of 37 per cent over last year's expenditure.

Among the major projects for the current year are the installation of four new production platforms off the coast of Trengganu and the development of a crude oil terminal in Kerteh, Trengganu. Both these projects were started last year.

Mr Gerald F. Cox, chairman and chief executive officer of Esso companies in Malaysia, writing in the group's bulletin *Esso in Malaysia* said the construction of a housing and office complex for EPMI staff directly involved in upstream operations was

also in progress at Kerteh.

This high rate of expenditure had earlier been indicated by Mr Cox in an interview with the *Business Times*. He then said that EPMI planned to spend over \$900 million a year on oil exploration and development.

He noted that two additional platforms — Tapia D and Bekok C — were installed last year. Another existing field, Pulai, will also get an additional platform.

During the year, construction work began on four platforms to be installed this year in three new oilfields namely Tjong, which will have two platforms, Tinggi and Kepong.

The commissioning of these new oilfields will bring EPMI's total fields off Trengganu to six. The existing fields are Bekok,

Pulai and Tapia. EPMI last year produced an average of 113,500 barrels of crude a day, including that from offshore Sabah.

The company also successfully commissioned gas compression facilities at the Bekok and Pulai fields. A similar facility had also been installed at Tapia.

Last year it drilled 28 exploration wells and conducted a seismic survey covering 2,063 kilometres. A new oilfield called Dulang was discovered during the year. Mr Cox did not give details of the discovery.

Meanwhile three earlier discoveries — Irong Barat, Semangkok and Tabu — were confirmed as commercial and delineated for development.

In a separate report, the bulletin says that work on the \$600 million

Trengganu crude oil terminal, three miles north of Kerteh, is progressing smoothly.

Scheduled to be operational in June next year, the terminal — the first in Peninsular Malaysia — will consist of four 800,000-barrel storage tanks.

The pipeline linking the terminal to the EPMI offshore oilfields is scheduled to be laid between this month and July.

Based on Exxon's worldwide investment expenditure of US\$13.5 billion for this year, the multinational's development expenditure in Malaysia takes up 3.94 per cent. Malaysia's share comes to 6.37 per cent if it is based on Exxon's total expenditure outside the US.

UNITED STATES AGAIN CRITICIZED FOR TIN DUMPING

Kuala Lumpur BUSINESS TIMES in English 20 Mar 82 p 1

[Text]

CONTINUED GSA tin sales in the world market again drew sharp criticism from Primary Industries Minister Datuk Leong Khee Seong, who hit out at the United States administration for its complete disregard of the impact on the economies of producing countries.

Datuk Leong complained that even when prices were low, and a glut situation existed in the market, the GSA appeared to be proceeding with its calculated disposal from its non-commercial stockpile. Releases in the first half of this month totalled 160 tonnes.

The Minister said the May meeting of Asean tin ministers would prepare a common paper outlining a contingency plan to counter the persistent GSA harassment, and suggested that the proposed world tin conference scheduled for September in Nigeria be brought forward to before June so that a complete appraisal could be made of the world tin

situation before the present tin agreement ran out.

Datuk Leong highlighted Article 45 of the on-going International Tin Agreement (ITA), which made it very clear that any disposal of tin from non-commercial stockpiles would be preceded by consultations with the International Tin Council (ITC).

The council would undoubtedly ask the seller to keep in mind the provision in the agreement stipulating that any sales should not lead to market disruption or impede the industry's growth in producing countries.

It was obvious that the GSA had gone out of its way to act in a manner against the spirit of the ITA, thus making a mockery of the long-standing pact which has symbolised an effective consumer-producer relationship over the last 25 years.

The ITC meeting discussing export control measures which began yesterday would review the immediate prospects

of the tin market. The council's call for more financial contributions to sustain buffer stock buying would also be discussed.

The US, still a signatory to the current agreement, has yet to come up with a financial commitment. This has led some observers to suggest that at this point of time "the US is no longer interested in the world tin situation."

Despite this, the Reagan administration expects other consumers and producers to proceed to join the sixth ITA, even though it has decided to opt out for "well-known reasons."

Datuk Leong said: "Repeated pleas to the US not to make stockpile releases when the tin price is below the ceiling sector of the price range have gone totally unheeded."

"Not only do such sales continue, but they do at prices below the corresponding Penang price plus freight and insurance charges to any consuming country."

"This is dumping, plain and simple. At the same time, the US has pledged and continues to insist that the stockpile disposals will not disrupt the tin market."

"Obviously, besides tin, double standards are also in great surplus," the Minister added sarcastically.

Datuk Leong also feared that the sixth ITA might not obtain the required 85 per cent consumer votes, a situation which might force producers to implement other measures to protect their interest. A producers only grouping is on the cards to enable producers to implement a supply rationalisation programme.

Even if there were sufficient consumer votes, the sixth ITA could be enforced only provisionally, since it would require 85 per cent consumer and producer votes for a permanent endorsement. The US, with 26.9 per cent votes, has made sure that the pact — if it gets off the ground at all — would remain on a provisional basis.

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MALAYSIA

BRIEFS

ANNUAL AWARDS BEHAGI CRITIQUES--Kuala Lumpur, Tues (BERNAMA)--Several foreign ambassadors and high commissioners-designate received their commendations from the Yang DiPertuan Agung in an audience at the Istana Negara today. They were High Commissioner-designate to India and Ambassador to Nepal Mr. K. K. K. K.; Ambassador-designate to Saudi Arabia and High Commissioner to Jordan Mr. K. K. K. K.; Ambassador-designate to Poland and High Commissioner to the Democratic German Republic, Czechoslovakia and Hungary Mr. K. K. K. K.; Ambassador-designate to Iraq Mr. K. K. K. K.; and High Commissioner-designate to New Zealand Mr. K. K. K. K. Also present were the Yang DiPertuan Agung and wives of the ambassadors and high commissioners-designate. [Text] [BK301435 Kuala Lumpur NEW STRAITS TIMES 1980 Apr 28 p. 3]

14-00000Z APR 82--The new Portuguese ambassador to Malaysia, Mr Jose
Luis M. de Faria, who is accredited from Bangkok, presented his
credentials to His Majesty the Yang Dipertuan Agung [paramount
ruler] at the National Palace in Kuala Lumpur on 27 April. [BK301321 Kuala
Lumpur International Airfile in English 0800 GMT 27 Apr 82]

(U) REF ID: A67088--The Foreign Ministry announced on April 29 that a resident high commission at Port Moresby was set up on April 29. Malaysian diplomatic relations were established. A Malaysian Consul General had been appointed and the appointment of a resident high commissioner would be announced soon, the announcement said. [BK301321
DIA/CSS Information Service in English 0800 GMT 29 Apr 82]

Malaysia and other tin producing countries will be that they can restore order and health to the tin market. The tin countries must be prepared to come to terms with greater supply rationalization, that the deal will be sold at a profit and not at a loss. An equanimity of persons industries, Datuk Paul Leong, in a statement today said Malaysia and the tin producing counterparts would ensure that implementation of the cutback in production and export was carried out with fairness and equity. He would also ensure that the end result would be of benefit to the industry overall. Datuk Leong said the quantum of export cutback of 10,000 tons out of an estimated production capacity of 29,900 tons in producing

member countries was deemed to be still inadequate. This was so when considering that the bufferstock manager did remove some 20,000 tons from the market within a relatively short period without being able to lift the tin price out of its doldrum at just above the floor level. The minister said that continued weakness in the tin market reflects the large surplus of tin that was still overhanging the market aggravated by disposals from the American GSA stockpile. [Text] [BK020930 Kuala Lumpur International Service in English 0600 GMT 2 May 82]

CSO: 4220/553

NEPAL STRIVING TO REMAIN NEUTRAL IN BIG POWER POLITICS

Kuala Lumpur BUSINESS TIMES in English 13 Mar 82 p 9

[Article by Aditya Man Shrestha in Katmandu]

[Text]

NEPAL has maintained its delicate diplomatic balancing act with aplomb despite pressures from contending superpowers. In fact, it has avoided being drawn, one way or the other, in the superpower rivalry that goes on in this tiny Himalayan kingdom.

Only recently, US Ambassador to Nepal, Mr Carleton Coon warned of the "imminent external threat to Nepal's independence" posed by foreign countries. Although Ambassador Coon did not specify his target, it was obvious that he was referring to the Soviet Union.

Mr Coon's address before the Nepal Council For World Affairs triggered a crescendo of protests from the Soviets in Kathmandu, but the Nepalese government refused to comment on the diplomatic uproar.

Despite its stated policy of strict adherence to non-alignment, the Nepalese government is suspected of leaning towards China and of favouring the Americans

as the lesser evil compared with the Russians.

The Chinese tilt is dictated by political realities. Although the Nepalese leadership is understood to harbour no fears of Chinese aggression, an unfriendly China could have grave consequences for Nepal.

This was experienced by the tiny kingdom dur-

ing the Cultural Revolution in China when Radio Peking kept a 24-hour barrage against Nepal. The end of the Chinese political upheaval also marked the end of the Chinese attack on Nepal as the new Peking regime started to establish friendlier relations with the Himalayan kingdom.

As a Nepalese diplomat commented on China's anti-Nepalese campaign, "That was an era that we should not go through again."

Monarchy

But Nepal's Chinese connection has tended to rub another powerful neighbour, India, the wrong way. Pro-Indian officials have expressed resentment that in its preoccupation with keeping both China and India happy, Nepal has tended "to take India for granted."

Beneath the surface calm in the relations between Nepal and India lurks a Nepalese suspicion that India would someday interfere with the internal affairs of the Himalayan kingdom. This feeling is not without basis in the past.

During the Indo-Chinese border dispute in 1962, then Prime Minister J.L. Nehru was instrumental in the campaign against the monarchy. Only the prolongation of the conflict saved the late King

Mahendra, father of the reigning King Birendra, from the insurgents.

The event still rankles, but even King Mahendra himself tried his best to let bygones be bygones as he sought to improve relations with India.

After all, the King was fully aware that he could not afford to hold his grudge against India given the political and geographical realities of the subcontinent.

The King's balancing act was later to be applied in Nepal's relations

with both the United States and the Soviet Union. To preclude big power accusations of favouring one against the other, the King made it a policy to adhere strictly to his programme of non-alignment.

This policy was to be applied even to the diplomatic cocktail. When the Chinese or the Soviet held official functions, he saw to it that he attended similar functions held by the Americans and the Indians.

Internally, he shrewdly manipulated the divergent political forces to rally behind him and to insulate from the political pressures on any of the contending foreign ideological forces.

In his day, King Mahendra managed to keep Nepal out of the political crises that have gripped other nations in the region.

But King Birendra has obviously a different perception of the foreign political alignment as far as his country is concerned. Although he has tried successfully to treat foreign powers equally, he is understood to be scared with the Russians most.

The Soviet occupation of Afghanistan has only exacerbated Nepal's apprehension over possible Soviet intervention in Nepalese affairs, presumably with India acting as a Soviet proxy.

Nepalese officials noted that India has maintained a "soft attitude" towards the Soviet intervention of Afghanistan despite global denunciation of the Soviet intervention. The Nepalese also recall that India annexed Sikkim and it could do the same with the tiny kingdom.

The assassination of President Ziaur Rahman of Bangladesh and President Anwar Sadat of Egypt are events that strike close to the monarchy. Both fallen presidents were close friends of King Birendra.

Close aides of the monarchy worry that foreign forces could easily sow an artificial political upheaval in Nepal if they want to dispose the King. As it is the Soviet Union is reportedly piqued by the strong condemnation of Nepal of its Afghan adventure. — Depthnews Special

ZIA ASKS FOR REPORT ON KARACHI PROBLEMS

Karachi DAWN in English 18 Apr 82 p 12

[Text] President Zia-ul-Haq has asked for a "working paper" on the problems of Karachi, including the Karachi Water Management Board (KWMB). This was stated by Mr Abdus Sattar Afghani, while winding up discussion on water problems in the city and the criticism of the KWMB for failing to fulfill its obligations. The Mayor said the "working paper" will be sent through the Sind Government and will be ready in a couple of days after he had met the Governor to request funds for the KWMB.

The present water crisis in parts of the city which, he said, was mainly due to pipe bursts. He pleaded for making KWMB a success.

The emergency meeting started at 3 p.m.--half an hour behind schedule--under the chairmanship of the Deputy Mayor, Yusuf Deda. The Mayor who had gone to the airport to receive the President took over when the KWMB was under attack.

At least 26 councillors participated in the debate on water crisis. Some called it a "conspiracy" against people, others thought it was against the KWMB.

Commissioner of the city and the Director of Education, Mr Humail Naqvi, took part in the session yesterday.

He said that the city should allocate at least 10 percent of the budget for the development works of Karachi.

Commissioner also proposed "water committees." Panchayats could be set up in the city, he said.

He said that since the last time he had been here 14 times (six times since 1970) the situation for water supply was still worsened. He pleaded funds for the KWMB, and apprehended "water riots" in the coming summer. He urged the government to give him more.

Mr Ataur-ur-Rahman said it was the problem of the entire city and for equitable water distribution "rationing" might be necessary.

different work and detail sectors of water supply

1. Planning and installation plants to use sea water

2. To assist the KWMB in finding a solution

3. It was known that the KDA Director-general was
about to expedite shipment of pumps and
other related equipment.

4. To set up a camp office at the site
of the scheme to supply additional

5. For the current plattair contract, levy of
Rs. 100/- (100 will) is taken up on Tuesday

6. The Council members, councillors Miram Baluch and
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BALUCHISTAN GOVERNOR ON CABINET, OTHER ISSUES

UPI — DAWN In English 18 Apr 82 p 1

The Governor of Baluchistan, Lt-Gen Rahimuddin Khan, said in Karachi on Saturday that he was still giving serious thought to selecting suitable persons for the provincial Cabinet.

Talking to newsmen following the inauguration of the Lasbela Canal, the Governor said he could not say how long he would take to announce his Cabinet.

Replying to a question about the Iran-Baluchis crossing into Baluchistan, Gen. Rahimuddin Khan said that traditionally the Baluchis living on both sides of the frontier had been crossing the borders. "It's nothing unusual," he added.

To another question, the Governor said that barring a few cases, all those affected during the armed action against the hostile elements prior to 1977, had been settled.

Lt-Gen Rahimuddin told another newsmen that by and large the people in Baluchistan were more than satisfied with

the pace of development in the province. "You can single out a few individuals who are habitually and temperamentally opposed to Government reforms and actions", he added.

Asked about the Mirani Dam project, the Governor said the Government, faced with a paucity of funds, could not undertake the project involving a huge amount of money. The project could be completed only with the help of some foreign aid giving agency, he added.

He also said that the law and order situation in the province was satisfactory. The Afghan refugees in the province and the local people were living amicably, he added.

Gen Rahimuddin Khan told newsmen President Zia was expected to pay a short visit to Quetta in the first half of next month. He would preside over a function at the National Girls Orphan Camp to be held in the city from May 10 to 12.—APP

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Mr. Cordova said he was very grateful for the warm and generous hospitality extended to him during his stay in Pakistan. He said he knew of this hospitality because it was traditional for Pakistan.

Asked by newsmen if he had made any progress towards his mission, he said: "I have not yet concluded my mission. I can say that I had very thorough, very constructive and very useful discussions which have clarified many things which I was unable to understand before because I was far away from this region."

Answering a question whether he had been able to locate divergence or convergence in the views of Pakistan and the Kabul regime, he said the views of the two sides were being examined to find out which were divergent and which were convergent.

About his remaining program, Mr. Cordova said he would spend two days in Kabul and another two in Tehran. He said he planned to leave Tehran on Tuesday, but his departure from there was subject to adjustments depending on local conditions.

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INDUSTRIAL INVESTMENT 68 BILLION IN 20 YEARS

KARACHI BUSINESS RECORDER in English 19 Apr 82 p 1

[Text] The Chairman, National Development Finance Corporation Zafar Iqbal said in Karachi on Thursday evening that industrial investment in both private and public sectors during period 1959-60 to 1980-81 had been of the size of over Rs 68 billion (B).

Addressing a seminar on the role of financial institutions in the industrial development, he said that of the total investment, Rs 31 billion was in private sector and Rs 37 billion in the public sector. In the private industrial investment itself, Rs 21 billion was in large and medium sized industries and Rs 8.8 billion in small scale industries.

He pointed out that investment in the public sector was insignificant until 1972-73, but increased rapidly from 1975-76 onward. In addition to the industrial financing, the financial institutions also financed other sectors such as energy, mining, etc.

The Chairman said that the contribution of the industrial sector to Gross National Product (GNP) reached a peak of 16.4 per cent in 1970-71 and declined to 14.6 per cent in 1976-77. In 1980-81, it contributed about 15.2 per cent to the GNP.

The Chairman said that Development Financing Institutions (DFI) in Pakistan namely PIFC, IDFC and NDFC had arranged foreign currency loans/equity collaboration to the tune of dollar 958 million since 1957.

He said that DFI's in Pakistan had been mainly responsible for transfer of technology, infusion of foreign capital and new management. These institutions however, till now had depended on the traditional sources, mainly international funding institutions, he said and added that in the future they may have to supplement these borrowings from the market.

The Chairman said that the paid up capital and retained earnings of the five financial institutions (PIFC, IDFC, ICF, NIT and NDFC) during 1980-81, were about Rs 2.7 billion and they have generated resources of about Rs 11 billion in terms of total assets. The total financial assistance in the shape of loans, debentures and share capital, since the creating of the first institution (Pakistan Industrial Finance Corporation) in 1957 has been about Rs 15.6 billion—APP

1982-1220/13

ECONOMY

the economic cooperation to the developing countries because long ago Yugoslavia itself was a developing country. He said that his country followed the policy of exporting technology to the developing countries without any political strings.

SUCMRO

Little Balkish Schemer said that large deposits of copper had been discovered at Samsak and the Government was making all efforts for increasing the production of copper.

He said that in the country the Foreign Minister for the first time has come during the last four and half years. Total export had been under \$100 million in the preceding year. The dollar bill of the country was almost four times of the government's income in 1977 and the preceding five years (1972-1976).

Schemer said that about 20 per cent of the industrial firms were working during the period. Well equipped and equipped in the last few years. These firms are engaged in the production of steel, iron, steel, and leather, and in the production of glass, cement, and other products. He said that the country had a large number of industrial machines.

The country had a large number of industrial machines. The country had a large number of industrial machines. The country had a large number of industrial machines.

15. METROPOLITAN TRANSPORT AUTHORITY FOR KARACHI

KARACHI BUSINESS RECORDS (in English) 18 Apr 62 p 1

The Karachi Transport Commission has finalised its proposal for instituting a Metropolitan Transport Authority to solve the local transport problems, it was officially stated yesterday.

The modalities and working plan for the proposed authority was discussed by the commission in a meeting held in Karachi on Thursday presided over by the Chairman, Mr Justice Agha Ali.

The working plan for the proposed authority was prepared by a special committee.

According to the comprehensive report submitted before the commission, the special transport committee after discussing the entire transport affairs in Karachi city, proposed that the metropolitan transport authority should have under its control the MTA traffic police and the engineering bureau.

It was also proposed that a representative each from Karachi Development Authority, Karachi Metropolitan Corporation, Karachi Port Trust, Pakistan Medical Association, Cham-

ber of Commerce and Industry, an association, press, public and private transporters should be nominated on the Metropolitan Transport Authority.

According to the proposed structure, the metropolitan authority will be headed by a Chairman. Besides, a host of other important functionaries will be independently entrusted with the task of manning the Metropolitan Transport Authority so as to provide comfortable, efficient and prompt transport service to the Karachians.

The Sindh Transport Minister, Mr Mohammad Faiz had set up the Karachi Transport Commission last year. The commission finalised the above proposals in 17 sittings of the sessions.

In the end, the Chairman of the commission, Mr Justice Agha Ali, thanked the members of the commission for putting in their ensuing efforts and cooperation in solving this long standing problem.

He informed the members that he will submit his comprehensive report based on recommendation of commission to the provincial government shortly—APP

MINISTER OF AGRICULTURE IN FARM INCOME

8 Apr 52 pp 1, 12

Minister of Agriculture, Vice-Admiral Muhammad Janjua said that the national agricultural production had grown at the rate of 40 per cent during the last three years as a result of a dynamic and pragmatic agricultural policy adopted by the present Government.

He said the country had enjoyed the high yield of wheat, sugar, and production of other crops had also touched new records. Cotton production reached 44 million bales this year, sugarcane 35 million tons, and rice, including basmati, was estimated at 24 million tons against a maximum of 19 million tons during the past some years.

The Minister observed that increase in production was not only due to increase in the area under cultivation but also to rise in yield per hectare because of maximum utilisation of facilities provided by the Government.

Vice-Admiral Janjua was speaking in Majlis-e-Majlis while holding a debate on his motion to discuss the agriculture policy.

The Chairman of the Majlis, Muzaffar Mohammad Saifdar presided.

The Minister said between 1947-48 per hectare yield of wheat was 1.22 tons only, which had risen to 1.40 tons per hectare between 1949-50. Similarly, sugarcane production had risen from 15 tons to 17 tons per hectare.

During broad outlines of the agriculture policy adopted by the Government in February 1952, he said the policy gave priority to increase in agricultural production in order not

only to achieve self-sufficiency but also enhance exports. For this purpose, it was essential that the grower should have easy access to agricultural inputs with suitable price, adequate incentives be provided for investment in agriculture and the allied fields, land be reclaimed, marketing and storage be improved and yield be increased on scientific lines.

He said that among other features of this policy, were better employment opportunities to the people, equitable distribution of land and water resources among all people for increasing production and fulfilling basic needs like water, medical aid, primary education and communications for marketing of agricultural produce.

Vice-Admiral Janjua said an important aspect of this policy was that equal opportunities for progress had been provided to all and facilities had not been restricted only to big landlords.

He said the programme chalked out to implement the national agriculture policy included both long and short-term projects with maximum exploitation of our natural resources to increase average yield.

The Minister said the experts had estimated that with the present area under cultivation, Pakistan could increase wheat production by three times, sugarcane two and a half times, rice two-fold and cotton by 50 per cent.

He said some of the steps taken by the Government would yield results gradually. These aimed at enhancing cropping intensity which at present stood at only 80 per cent whereas

the country should have more than one crop on most of its cultivated area. An integrated system of farming was also being organised to increase the income of growers by giving them due incentives to adopt suitable cropping patterns and rotation. The grower was also being persuaded to take up agro-forestry and livestock.

The Minister said long-term programmes included increasing area under cultivation, which at present stood at 20 million hectares. For this purpose, 11 million hectares of cultivable barren land is being brought under plough.

He said mechanisation of agriculture was one common factor in all the long and short-term programmes undertaken by the Government.

The economic steps included guarantee of suitable payment to the growers for their agricultural produce, proper financial assistance and subsidy on agricultural inputs and credit facilities to the growers.

He said the Government had adopted a policy to announce support prices of agriculture produce at the time of sowing, which should provide incentive to the grower to increase his production.

Regarding fertilizers, he said its use had increased from 631 t. and nutrients in 1976-77 to 1.8 million nutrients in 1980-81. Since the Government had to spend lot of foreign exchange on fertilizers, it had reduced subsidy gradually to ensure its proper use. The Government was also expanding the soil testing and soil fertility service system for effective use of fertilizers.

The Minister said a record number of 7,000 tractors were imported during the last four years while due attention had been paid to manufacture of tractors within the country, for which four tractor factories were being set up.

He said a high-level board had been set up to advise on the policy of farm machinery.

The Minister said that this year the production of sugar would exceed 12 million tons. In 1979-80, it had declined to 574 thousand tons.

The Minister said the Government was also encouraging the private sector to set up industries for other agricultural products such as vegetables and fruits. These required special arrangements for marketing etc.

NO RETRENCHMENT OF

PIA STAFF

The Federal Minister for Defence, Mir Ali Ahmad Talpur, informed the Majlis-i-Shoora that the Government was determined not to increase unemployment in the country and that no decision had been taken to undertake a second retrenchment of the PIA staff.

The Minister made this statement while opposing an adjournment motion tabled by Mr. Shafi Malik who wanted to discuss the proposal to have a second retrenchment in the PIA, as stated by the Secretary-General of Defence, Major-General (retd) Rahim Khan, who is also the Chairman of the PIA.

The Minister said that the Secretary-General should not have issued the statement in capacity of the Defence Secretary-General. Perhaps, he said, the statement had not been correctly reported. He said the PIA had sought the services of foreign advisers to recommend economic measures and to improve the functioning of the PIA. The advisers had suggested that the PIA was overstaffed and there must be a retrenchment. He said the Defence Secretary-General was not empowered to issue such statements. He said the Government had not taken any such decision as yet as we do not want to create unemployment in the

country."

After the Minister's statement the mover did not press his motion.

Another motion which was tabled by Mr. Zahurul Hasan Bhopali was also not pressed by him after the Defence Minister informed the Majlis that the Government had not taken any decision as yet regarding the 20 per cent increase in the PIA fares in the country.

The Minister said that the PIA and other international airlines had to accept the decisions of the IATA as their members. The IATA, he said, had made recommendations for an increase in the international flights, which was implemented in January 1982 and the second recommendation was to be implemented from May 1, next. However, he said, the matter was under the consideration of the Government and no decision in this regard had been taken.

The Minister informed the House that the PIA's internal fares were definitely lower than those of other airlines in the region.

The motion was not pressed.

An adjournment motion, tabled by Syed Mohammad Khalilur Rehman Chistie, was not pressed by him on the statement of the acting Finance Minister, Lt-Gen. Saeed Qadir that no Customs official was involved in the smuggling of narcotics.

Mr. Qasidur Rehman did not press his motion which concerned the reported threat of the Bank Officers Association to go on strike from April 20 to press for the acceptance of their demands. The Chair ruled that it was anticipatory motion.

On an adjournment motion tabled by Maulana Kamaluddin Kamal Salarpuri, the Defence Minister gave a detailed statement with regard to emergency landing of PIA flight PK 312 at Islamabad airport on April 10 because of the defect in the under-carriage system. He said the plane made a perfect landing and no untoward incident took place.

It was a minor machine trouble and not a case of any human error, he added.

THE LASHELA CANAL

THE LASHELA inauguration of the Lashela Canal means much more than it should have in the normal course because of the prevailing circumstances. In the first place is the fact that it will provide water to areas where it is so precious indeed much of it will be brought in by donkey cart or camel. The other is that it finally shows that Hub Dam is more than an idea, and is actually good for something. After two decades during which the Dam was known only for its increasing cost and newspaper editorials and Government statements about it, it is reassuring that operations have finally begun. The Lashela Canal is over twenty miles long and, with its side branches, is meant to irrigate 22,000 acres of land, 1000 acres of which is in Sind. At present, of course, this much land is not being cultivated but with the incentive provided by water from Hub Dam, it will not be long before land is put under the plough. On the Sind side, in fact, the water has been going to small farms and orchards

having been planted. This increased and, in many cases entirely new cultivation, will help to meet part of Karachi's needs of vegetables and other agricultural produce. The original plan prepared more than two decades ago for a green belt around Karachi to be watered by Hub Dam was much more extensive, and the farms and orchards were planned to be set up in different areas. Even the present less comprehensive scheme will be useful, however, especially if agricultural experts aid farmers in choosing correct crops and provide advice on growing methods and inputs.

Apart from providing water for irrigation purposes, the Canal will also supply 15 million gallons daily for domestic purposes in the Hub Chowki area, and to the industries which are rapidly becoming an important feature in that part. At Gaddani is the huge shipbreaking industry, employing thousands of people, and the provision of water in the area was badly needed. Clo-

ser, towards Karachi, are many industrial units manufacturing a wide range of products and they will also benefit. Even more important, many units are scheduled to be established in the area, the attraction being that tax incentives are provided by the Government, and the provision of adequate water supply should spur on investors and entrepreneurs. Although the irrigation part of the Dam has been completed, another very important project still remains to be completed - the supply of water to Karachi for industrial and domestic use. Hub Dam is to provide 90 million gallons of water daily to Karachi and the importance of this can be judged from the fact that it is about half the present total supply to the city. Although the latest target is August this year, it is doubtful whether work will be completed on schedule. An attempt should be made to remove bottlenecks and expedite matters, the main hurdle being the laying of pipelines and associated works.

BRIEFS

SCHOOLS FOR REFUGEES--Peshawar, April 17--A spokesman of Afghan Refugees Committee (generally MAF), said here Thursday that some 250 Afghan refugees schools had been set up in MAF with 38,934 students on roll up to March 31, 1982. Hundred more Afghan refugees primary schools have been sanctioned during 1982. Thus the total number of primary schools will be 350 by the end of June 1982. [Text] [Karachi DAWN in English 18 Apr 82 p 4]

CALL FOR AGIT AGAINST ISRAEL--Hyderabad, April 17--At a meeting of Tehrik-i-Taliban, Hyderabad held here on Friday a resolution was adopted calling upon the Pakistan Government and all the Islamic Heads of States to declare Jihad against Israel for the liberation of all the occupied territories, particularly the Holy Places. The meeting was presided over by Maulana Abdul Waheed Khan. The resolution urged upon the Government of Pakistan to impart military training to all the able-bodied males and females to enable them to take part in the Jihad, if need arose. Maulana Jan Mohammed Abbasi, who was the chief guest said it would be a wishful thinking to hope that Israel would vacate the occupied territories through negotiations. He said that Israel, in history has demonstrated on so many occasions, understood only the language of force for that he said it was only through the unity of the Muslim World that Israel could be brought to its knees and there was no other course left open to the Muslim World. Speaking on the occasion, Raja Mahmood Ali, a veteran labour leader, accused Pakistan Government that if Jihad was declared, the working class would not lag behind in doing its Islamic duty. Maulana Mian Muhammad Shaukat and Khalid Khan, a student leader, also spoke on the occasion. [Text] [Karachi DAWN in English 18 Apr 82 p 2]

INDUSTRIAL WASTE FIBER PLANT--Sheikhupura, April 17--President Gen Mohammad Zia-ul-Haq will inaugurate an 115 polyester staple fiber plant here on April 20, says a DOWA release. The project, spread over a 54-acre site on the Lahore-Sheikhupura Highway, is well completed ahead of schedule, in less than two years, at a cost of 28.25 million dollars. [Text] [Karachi DAWN in English 18 Apr 82 p 1]

2nd YACHT FOR OCEAN--Islamabad, April 17--The Pakistan National Shipping Corporation has signed a Memorandum with the Islamic Development Bank at Jeddah for the purchase of a cargo ship. The liner is expected to be delivered in the last week of this month. --UPI [Text] [Karachi DAWN in English 18 Apr 82 p 1]

London, April 18--The Iranian Oil Minister said after a meeting with Minister Ghulam Ishaq Khan in Tehran today that Iran would supply 20 thousand barrels of oil daily, BBC reported tonight. The Iranian Oil Minister said that Iran would utilise all its oil in the search for oil in Pakistan. [Text] [Karachi 20 Apr 82 p 1]

Islamabad, April 18--A cultural exchange programme was signed between Pakistan and the Soviet Union in which the programme provides for exchanges between the two countries in the fields of culture and art, science and education, mass media, and other fields from the date of its signing. The agreement was signed by the Government of Pakistan by Mr M.A. Beg, Joint Secretary, Sports and Tourism.--APP [Text] [Karachi MORNING 20 Apr 82 p 4]

Islamabad, April 19--The Dalai Camp in Azad Kashmir has been declared a University Grants Commission and will now be used as a training centre. This was disclosed to PPI by Dr Mohammad Afzal Advisor, Minister of Education and Chairman University Grants Commission. The University Grants Commission about a week back informed that the Dalai Camp would start shortly. Dr Afzal also mentioned that the Dalai Camp had acquired notoriety during the 1970s as a place of torture. Outside the Pakistani courts' jurisdiction, the camp was used and using it as one of the places of torture. [Text] [Karachi 20 Apr 82 p 4]

Islamabad, April 21--The Government of Pakistan has allocated Rs. 10,000 for the upkeep and maintenance of the [Text] [Karachi HAWK in English 23 Apr 82 p 6]

London, April 21--A consignment of 250 British-made, 303 rifles was seized by the customs authorities. The rifles were found in a container by the customs authorities. The container was found for carrying refrigerators. The Customs authorities found 20 persons when they are interrogating. The container was found by a London based firm having offices in London. The container was received by a local firm. After the detection of the rifles, the names were not disclosed by the Customs authorities. The container and forwarding Agent were rounded up when they were found. The consignment contained 250 rifles. The rifles were for the use of general public, and the rifles were for the use of general public. An Appraising Intelligence Officer got a tip that arms were being smuggled from the UK. When he opened the crates, he found the rifles. The officials were immediately informed about the rifles and the two persons. About a fortnight ago, the rifles were hidden in a car at [Text] [Karachi 23 Apr 82 p 6]

... living in Canada ... of the Rotary Club ... said that ... information the ... suggested that a Pakistani ... the Pakistanis living ... said the Pakis- ... would welcome ... (Karachi) (QNA) In English 14 Apr 82

... President Mirza ... According ... Afghanistan ... among ... August last ... Afghanistan and ... father Khan ... (Karachi) (QNA) In English 18 Apr 82 p 12

... has disposed ... Asghar Khan challenging ... were passed extending ... the Punjab Gov- ... 30 days on ... (Karachi) (QNA) In English 18 Apr 82 p 12

... Mr Abdul Sattar Afghani, ... to negotiate with ... Chairman at Karachi ... Mr Nihal ... President: ... Member ... Mr Chohan Ahmed ... Industry, Karachi; ... the first meeting ... the meeting will ... (Karachi) (QNA) In English 18 Apr 82 p 12

... Students' ... Sattar Farooqui, ... Mr Abdul Sattar Afghani, ... The Karachi ... the efforts. ... (Karachi) (QNA) In English 18 Apr 82 p 12

...CENTRE--Discussions on setting up of a textile training centre with Pakistani assistance will be held during a visit to the Research and Development Centre (TIRDC) in Karachi today by the representative of Pakistan, Muhammad El-Mekki Ibrahim. The two major project envisages establishment of a training centre to produce technicians and operators for public and private sector textile industry. Proposals to set up such a training centre were aired at "Round meeting" of Ministers of industry from different countries who convened to discuss ways and means of cooperating in the industrial development of Pakistan. Subsequently, Pakistan offered the services of the Government of India for undertaking this project. The TIRDC is a research organisation under the Federal Ministry of Industries, and is a nationally recognised centre in the field of textile technology already helped in setting up a "research and development organisation" in the textile industry, and is providing assistance to the Government of Sri Lanka and the UNIDO office in Sri Lanka in their projects. (Karachi BUSINESS RECORDER in English 2)

...--Islamabad, April 5--Raja Mohammad Zafarul Karim, Minister, while speaking on an adjournment motion by Raja Karim informed the Federal Council that the concerned authorities failed to issue fresh declaration to the management of daily HAIDER. The declaration of the daily was cancelled after the solitary copy of the paper came out in the market. The Minister said the declaration was cancelled in the District Magistrate who was a representative of the Government and added the violation of the Press and Publication Act of the Punjab Government. He said it was in the administration that the management of the daily was publishing but it defaulted in producing the required number of dummies. He said and despite the fact that the matter was purely of provincial concern, he intervened and requested the owner of the paper to file a declaration. He added that necessary instructions had already been issued and the matter was not pressed. [By Salim Bokhari] [Excerpt] [Islamabad Mornington 4 Apr 82 p 1]

...--Islamabad, April 18--The federal government has constituted a committee to conduct studies on various policy aspects relating to remittances. It was learnt here today. The terms and references of the committee are: to prepare a quantitative profile of the present pattern of remittances and a forecast of prospective trends, to suggest policies and measures to increase the future flow of remittances, to consider institutional and policy measures for directing these remittances into productive investment, to examine various proposals to attract some foreign investment in social infrastructure, (such as schools, water supply, health facilities) at the village community level on a matching basis with the flow of remittances considered necessary to the government. The task force will consist of a chairman, six members and a secretary. They are: Dr Maqbool Anwar, Deputy Governor, State Bank of Pakistan, Chairman, Dr Abdul Karim, Economic Adviser, State Bank of Pakistan, Dr Jiaz Hussian, Associate Professor, Department of

International Relations, Quaid-e-Azam University, Islamabad, member; Dr Jawaid Ahmad, Chief Economic Planning Commission; member; M.A. Faruqi, member, Pakistan Legislative Council; member; Dr Munfoor Ali, Senior Vice President, United Bank Ltd member; Rana Shafi Ahmad Khan, Executive Director (operations), International Development Bank of Pakistan, member; Irfanul Haque, Director of Operations, State Bank of Pakistan, member-secretary.--APP [Text] [Karachi DAWN 10 APR 82 In English 19 Apr 82 p 1]

RECALL DENATIONALISATION PLEDGE--The Federation of Pakistan Chamber of Commerce and Industry has again pleaded for greater role of private sector in the national development efforts by way of gradual denationalisation of public sector units and State Trading Corporations and permission to set up private banks. In its memorandum submitted to the Advisory Council of Federal Finance Ministers for next fiscal year's budget, the Federation has stressed the need for private banks. These banks, the federation felt, would be in a better position to cater to the growing credit needs of private sectors for their financial and commercial activities. The memorandum has expressed the view that as the nationalised commercial banks were giving priority consideration to the credit needs of public sector, industrial and commercial concerns. As a consequence, the private sector feels neglected for obtaining credit facilities for its industrial and commercial activities. The Federation has also pleaded for gradual denationalisation of public sector units and the transfer of the previous owners. A plea has also been made to liquidate the State Trading Corporations like Rice Export Corporation, Cotton Export Corporation and Trading Corporation of Pakistan, to reduce the administrative overheads burden on public exchequer. As for fiscal policies, the memorandum has requested to reduce corporate tax rate to 40 per cent with simultaneous increase in government allowance to Rs 50,000.--PPI [Text] [Karachi DAWN 17 Apr 82 p 8]

TEACHERS' DEMANDS TO GOVERNMENT--Faisalabad, April 17--The Punjab Government is considering a proposal for the setting up of Teachers Foundation on the pattern of Staff Foundation in the province, said Mr Hamid Nasir Chattha, Minister for Health and Education Tuesday here. He said a working committee on the subject was being awaited for the purpose. He said the foundation would go a long way in solving the petty problems of teachers in the province to a great extent. He said 200,000 teachers in the province would benefit from this foundation which was one of their demands. He said a committee, headed with the declaration of Faisalabad as a division, would look into the matter and a Board of Secondary Education was also proposed to be set up in the city. Answering another question, the Minister said the government was considering various demands put forward by the teachers' union. He hoped the matter would be resolved amicably. He said the union's demands, the Minister for Health said recommendations for health service structure had already been sent to the Federal Government. He said, he was likely to come up for discussion in the President's Council meeting shortly. He said that district headquarters hospitals would be completed by the end of the current financial year. He said the provincial government was spending over Rs 12 crore on health problems during the current financial year.--APP [Text] [Faisalabad DAWN 18 Apr 82 p 4]

PAPUA NEW GUINEA

BRIEFS

INDONESIA WANTED NOT TO INTERFERE--Papua New Guinea's deputy prime minister, Mr. Iantjev Okuk, has told the Indonesian Embassy in Port Moresby to stay out of the Papua New Guinea election campaign. Radio Australia's Port Moresby's correspondent, Sean Tierney, says that in its monthly newsletter yesterday, the embassy said disaster could result if someone who did not understand international politics became a national leader. Tierney says the embassy was defending Indonesia's transmigration program against sharp criticism by Mr. Okuk who has criticized the resettlement of Javanese on the Indonesian island Irian Jaya bordering Papua New Guinea. In a statement yesterday, he also described the newsletter as a grossly unjustified interference in the national elections of the independent state of Papua New Guinea. Mr. Iantjev New Guinea did not take kindly to thinly veiled warnings from foreign governments or their embassies. [Text] [RE290555 Melbourne 19 Apr 82]

VIRATA WORLD EAST VIEW IN EVENT OF PRESIDENTIAL DISABILITY

Kuala Lumpur BUSINESS TIMES in English 22 Mar 82 p. 21

[Also in St. Petersburg, SemRus in Manila]

Text PRESIDENT Ferdinand Marcos has just appointed Prime Minister Cesar Virata "first among equals" in a deft political move that has scrambled leadership patterns in the Philippines.

The move was President Marcos' decision on Tuesday to scrap a rotation programme that would have enabled members of a seven-man executive committee to alternately take a crack at the premiership.

Among the seven is Philippine First Lady Imelda Marcos, concurrently Metro Manila Governor and Human Settlements Minister, who last Monday told the foreign press she would "step down" when President Marcos steps down.

In the late 1970s Mrs Marcos was a hot favourite to succeed her husband whose political philosophy she claimed she understood best, and would therefore have to carry it out for a transition period in case of his death or incapacity.

Also among the seven is Defence Minister Juan Ponce Enrile, who could have scaled the heights of political power in the near future had president

Marcos not decided to keep Mr Virata, 52, securely in his post. Earlier, political observers were freely speculating that two powerful rival groups respectively headed by Mrs Marcos and Mr Enrile were digging in for a leadership grab in the event Mr Marcos stepped down or was incapacitated.

Stature

While Mr Virata's secure status as Prime Minister does not necessarily rule out a power grab by other factions, which would include the military, his non-political stature could make him acceptable to everybody.

As head of the seven-man executive committee, Mr Virata also has the advantage of commanding the reins of power in case of presidential disability until the committee stages national elections to elect a presidential successor within 60 days.

What is certain, is that President Marcos, 64, now into his 17th year as chief of state, has decided to offload a substantial

number of his official burdens and responsibilities on Mr Virata, the financial wizard of his technocrat-studded cabinet.

What also appears certain is that Mr Marcos has started to mould the political clay of a post-Marcos era. Likewise the secure status of Mr Virata as Prime Minister was intended to ward off a bitter scramble for power.

Less certain, is what would happen if Prime Minister Virata who "is at his best grappling with an economic situation," in the words of Mr Marcos, fails to steer the Philippines out of its mounting economic difficulties.

Some political experts have even gone so far as to indicate that master political strategist, President Marcos, purposely secured Prime Minister Virata in his position so the latter would shoulder the responsibility in case the economy should worsen in the years ahead.

The unsmiling, short-cropped, staccato-voiced Mr Virata is certainly the man for the job of getting at the guts of what's

wrong with the country economically, observers said.

Not a shred of official wrongdoing or scandal can be linked to his name in a country where quite a number of people in high places have become immensely rich reportedly through dubious means.

Another Virata asset is that he has absolutely no political ambition, remains completely loyal to President Marcos and would never be caught saying anything nasty or offensive about anybody.

Front-page photos in Manila's metropolitan dailies lately have depicted a hitherto unknown Virata getting down to provincial grassroots and engaging villagers in a dialogue about their social and economic problems.

Mr Virata is certainly a paradox in this country of 60 million Filipinos where political power has traditionally been wielded by power-seeking politicians.

What is probably even more of a paradox is that Mr Virata has been snugly eased into his present job by this country's top power politician, the president. — AFP

PHILIPPINES: BACK AT VIETNAM RE HUMAN RIGHTS, DUE PROCESS

Indonesian - (Makassar) English 25 Mar 82 p 19

PHILIPPINES: BACK AT VIETNAM RE HUMAN RIGHTS, DUE PROCESS

It turned out to be a disastrous experiment for the Americans in Vietnam was adopted by the military here with equally disastrous results in its able wrecked Southern Philippines.

"Dismantle the hamlets," was the order of Defense Minister Juan Ponce Enrile after his attention was called by an independent human rights group. The group, organized by the Integrated Bar of the Philippines (IBP), went on a fact finding tour of Davao del Norte in the south and confirmed human and civil rights violations with the establishment of the hamlets.

Compounding the problem was that the military never informed Mr. Enrile's office of their action. "I'm not aware of their existence," was the Minister's blunt admission when he first learned of the case.

American military advisers encouraged the establishment of "protected hamlets" at the height of the Indochina conflict. Vietnamese families were forcibly uprooted from their homes and herded into hamlets to prevent them from giving aid and shelter to the Viet Cong.

The strategy, however, backfired and failed to stop the Viet Cong march to Saigon (now Ho Chi Minh City).

Philippine military authorities in the south adopted the same approach initially in San Vicente town, Davao del Norte, about 800 kms. south of Manila. Ostensibly, their reason was to protect the estimated 12,000 villagers from being caught in the crossfire during military operations against the dissidents.

At the outset, military leaders claimed that the town residents voluntarily resettled themselves in the hamlets. They even cited a resolution approved by the town legislative council urging the residents to cooperate with the military and counter the harassment, intimidation and extortion activities of the communist-led New People's Army.

And at no time were the villagers prevented from leaving the hamlets anytime they wanted to, according to the military.

It turned out, however, that the Davao military command instigated the approval of the resolution. With this finding, Minister Enrile immediately ordered authorities to dismantle the existing hamlets. He said: "In line with the policy of the (Defense) Ministry and the national government on respect for human rights and due process, the military and

the Integrated National Police shall see to it that no such hamlets are established or maintained."

Order

In his sternly worded order, Mr. Enrile reminded the military that the government "has never authorized and will never countenance the forcible grouping of people in specified residential villages or centers..." because "these are violative of the constitutional rights of the people."

Mr. Enrile's order thus gave substance to the findings of the IBP human rights and due process commission regarding military abuses in the establishment of the hamlets. In its report, the commission enumerated some of the human rights violations, including:

■ Ordering the town residents to transfer their homes to a "grouping" area under implied threats of being treated as an enemy. This, the commission said, violates the people's constitutional rights to liberty of abode and travel.

■ Requiring residents to construct the Philippine Constabulary (National Police) barracks and to contribute materials for it. This violates the constitutional right against involuntary servitude, according to the IBP commission.

■ Requiring residents to demolish and dismantle their homes which is a violation of the right not to be deprived of property without due process and without due compensation.

The commission emphasized that the military measures in San Vicente were not justified. Also from the practical point of view, the commission said, hamletting has alienated, instead of attracting, the residents to the government side.

Worse still, the IBP group discovered the reason behind the move which does not seem to speak well of the military. The report said: "It appears that the immediate reason for the hamletting was due to the boycott of the town residents of the Sept. 4, 1981 elections and the ambush of a military jeep in which seven soldiers were killed."

All of this, a defence official observed, was reminiscent of the Americans' protected hamlet strategy which miserably failed to stop the Viet Cong advance in South Vietnam.

"Some people never learn," the official said. "In the battle to win the hearts and minds of the people, a purely military solution is never the answer to the problem." — Depthnews

POWERFUL AND INFLUENTIAL FISH FARM OPERATORS HAVE PRACTICALLY TAKEN OVER THE 90,000 HECTARE LAGUNA DE BAY, SOUTH-EAST ASIA'S LARGEST FRESH-WATER LAKE, SOUTH OF DAWE

Small Business Times in English 23 Mar 82 p 19

[Article by Mr. Mariano B. Jara in Manila]

Test | POWERFUL and influential fish farm operators have practically taken over the 90,000 hectare Laguna de Bay, South-East Asia's largest fresh-water lake, south of Davao.

In the process, they have angered small fishermen and duck raisers who have dropped more than subtle hints that they would resort to violence if their complaints are not acted upon immediately. Their move also endangered a US\$125 million project funded by the Asian Development Bank and the Organisation of Petroleum Exporting Countries.

The project aims to encourage small fishermen in the lake to set up co-operative fish farms. But with the present situation we cannot push it through," said an official of the semi-public Laguna Lake Development Authority (LLDA).

Previously, the LLDA was encouraged by President Marcos to prepare a blueprint of a long-term programme to restore pollution in the lake and to develop its water resources for irrigation, industrial development and fisheries.

The agency was authorised to implement a presidential directive issued on Nov. 13, 1976, regulating the operations

of fish farms or fishpens as they are popularly known in the lake.

In effect, what happened is a classic example of the moneyed and the mighty taking over of a project initially intended for the poor residents along in the lake whose main — and sometimes only — source of livelihood is fishing.

Teodoro Baguilat, acting LLDA general manager, put it more succinctly in his memorandum to the Cabinet. "The fishpen industry started in 1970 when the Government set up a demonstration fishpen in the lake... to promote this type of fishery among disadvantaged poor fishermen families in the lake's shoreline towns."

Illegal

However, before the technical and financial assistance of the Government could be marshalled, private capitalists from Metro Manila proceeded to construct their own fishpens even before securing the necessary permits from the LLDA.

And LLDA officials admitted their utter helplessness to stop the proliferation of illegal fishpens because they don't have police powers. However, a leader of the

small fishermen noted that since the agency is a presidential creation, it can always call on the assistance of Mr. Marcos himself.

The fact that influential fishpen operators could operate with impunity in the lake is also illustrated by this example: every time the LLDA issues an order to demolish an illegal fishpen, the courts intervene.

"This is surprising," an LLDA official said "because there is a presidential decree banning the courts from issuing restraining orders or cases involving the exploitation of the country's natural resources."

Corporations

As a result corporate fishpens are being built in the lake with reckless abandon, severely limiting the access of small fishermen to the more productive fishing areas. Compounding the problem is the presence of armed guards employed by the big fishpen operators. Small fishermen have complained that the guards harass, threaten and sometimes shoot at them on their way to the already limited fishing grounds.

Records at the LLDA show that only 10,000 hectares of the 90,000-hectare lake have been reserved for fishpens. Of

the 10,000 hectares, 6,434 are covered by licences and permits.

But through a series of legal manoeuvres, the big fishpen owners managed to expand that today, between 20,000 and 40,000 hectares have been converted into fish farms.

Although corporate fishpens represent only 30 per cent, the area they occupy amounts to 54 per cent of the total 6,434 hectares, the LLDA reported. "It is of interest to note that 84 of these corporations are actually owned or operated by only 13 groups of family-related interlocking corporations."

By 1979, the proliferation of illegal fishpens has reached a level that impinged on the movement of traditional fishermen," the agency reported. But the problem has become even more critical with the approval of the Fishpen Development Project for Small Fishermen bankrolled by Opex and the ADB.

LLDA's Mr. Baguilat said the project initially aims to enable 1,500 small fishermen to form co-operatives and operate 1,500 hectares of fishpens. If successful, the project would take in additional small fishermen to run more co-operative fishpens. *Dephnews Asia*

PHILIPPINES

BRIEFS

BANK LEADER ON ECONOMIC SITUATION--Central Bank Governor Jaime Laya says the country's economy can withstand the effects of worldwide recession and inflation. He also assured that the country's balance of payments deficit could be met with additional long-term borrowing. Mr Laya noted that the Philippines was lucky because its export goods are in demand. The Central Bank chief noted that the country made a modest growth rate of 3.8 percent last year while keeping inflation down to 10.5 percent. During a radio network program, Laya said he does not see inflation getting out of hand. [Excerpt] [HK270044 Manila Domestic Service in English 2300 GMT 26 Apr 82]

MISUARI NO LONGER MNLF LEADER--Nur Misuari is reportedly no longer the MNLF [Moro National Liberation Front] leader the Philippine Government would deal with in the search for a final solution to the Mindanao problem. Misuari has been deposed as chairman of the MNLF, according to rebel leaders themselves. This was bared today by President Marcos in a statement released by Malacanang. The president said: For failing to avail himself of past opportunities to cooperate with the government, Misuari has been bypassed. On the role of Misuari in any future settlement with the MNLF, the president said Misuari is no longer that important. [Text] [OW271201 Quezon City RPN Television Network in English 1100 GMT 27 Apr 82]

MIDDLE EAST FIRMS WELCOMED--President Marcos has expressed gratification over the participations of Middle Eastern countries in the Philippine economic development program. The president was informed of the entry of Middle East firms in the Philippines by six banking representatives from the Middle East who called on him at Malacanang with Central Bank Governor Jaime Laya. An agreement concluded recently by 15 Middle Eastern banks and the Central Bank called for a reciprocal deposit line facility of \$550 million. [Text] [HK280053 Manila Far East Broadcasting Company in English 2330 GMT 27 Apr 82]

ROLE OF ASIAN BANK--President Marcos cited the role of the Asian Development Bank [ADB] in promoting international development. He said the ADB has made a big contribution to the economic growth of the Asia region. The president stressed the role of the ADB in a speech before the 15th annual meeting of the board of governors of the bank in Manila. Mr Marcos noted that the bank also promoted cooperation among the countries. He underlined that peace and prosperity for any nation cannot be secure with a world so divided between the rich and the poor. [Begin Marcos recording] Speaking as the

leader of a developing country, my own view is that official development assistance has played a significant role in encouraging economic development in Asia and for that matter throughout the world. It has done this not only by directly augmenting investment and overcoming development bottlenecks but making available foreign exchange [words indistinct] tangibly supporting and encouraging market-oriented development projects. [End Marcos recording] Mr Marcos also pointed out two major problems faced by the ADB, and these, according to him, are food and energy. [Text] [HK290059 Manila Far East Broadcasting Company in English 2330 GMT 28 Apr 82]

BURMESE ENVOY PRESENTS CREDENTIALS--There is a new ambassador of Burma to the Philippines. He is Ambassador U Ohn Maung, who formally gave his credentials to President Marcos. In receiving Ambassador Maung's credentials, the president said the close ties between the Philippines and the Socialist Republic of Burma are based on mutual respect, understanding and common aspirations. Attending the credential presentation of the Burmese envoy were Foreign Minister Carlos P. Romulo, Deputy Foreign Ministers Manuel Collantes and Pacifico de Castro. Before his assignment to Manila, Ambassador U Ohn Maung was envoy to the United Arab Republic of Egypt. [Text] [HK300055 Manila Far East Broadcasting Company in English 2330 GMT 29 Apr 82]

ECONOMIC MISSION IN SAUDI ARABIA--A Philippine economic mission is now in Riyadh, Saudi Arabia, to explore possibilities of setting up joint Philippine-Saudi ventures on small and medium-scale industries. The Philippine mission is headed by Industry and Trade Deputy Minister (Jose Leviste) Jr. Saudi Industrial Affairs Deputy Minister (Faud Faqzi) told the visiting Philippine group that his government welcomed joint ventures, particularly with friendly countries like the Philippines. Another encouraging remark was issued by Saudi Commerce Deputy Minister (al-Zabil), who said he was aware of the variety of goods and products that the Philippines has to offer. [Text] [HK300054 Manila Far East Broadcasting Company in English 2330 GMT 29 Apr 82]

TERRORISTS, FOLLOWERS SURRENDER--In Guimba, Nueva Ecija, 1,200 communist terrorists and sympathizers surrendered in mass yesterday before military and civil authorities. The surrender was the result of a meeting between the village residents and the 3d constabulary regional command and the Nueva Ecija provincial government. About 800 of those who surrendered were listed in the NPA's order of battle. It means most of them had been involved in some armed operations against the military, according to Colonel (Miguel Fontanila), Nueva Ecija constabulary provincial commander. [Text] [HK300053 Manila Far East Broadcasting Company in English 2330 GMT 29 Apr 82]

NPA NO THREAT TO GOVERNMENT--President Marcos says there is no real threat of the government being overthrown by the New People's Army. The president made the statement to newsmen during an interview. He said that most of the members of the NPA are just plain hoodlums and bandits. On the strength of the leftist movement, the president said, our people now have seen the effects of this movement, which has but stale slogans to offer. In light of some reports that the NPA has moved from Samar to Bicol, the president allayed public fear that this would constitute a threat to the government. He said that military intelligence has infiltrated their operations. [Text] [HK010047 Manila Far East Broadcasting Company in English 2330 GMT 30 Apr 82]

NPA MORE ACTIVE--Over at Malacanang: The New People's Army [NPA] has not grown in size in the last few years but its members are more active these days. In baring this, the president warned: The increase in NPA terroristic activities in the countryside might force the civilian population to take the law into their own hands. However, the president assured that the latest revolutionary threat poses no real danger. [Text] [OW301211 Quezon City RPN Television Network in English 1100 GMT 30 Apr 82]

WORLD BANK ASSURES SUPPORT--President Marcos was assured of World Bank support for Philippine economic development efforts. The assurance was given by (Sharji Dusain), vice president for East Asia and the Pacific region of the World Bank. He cited the past World Bank support for Philippine projects in transportation, education and energy. In response President Marcos said the Philippines would continue to fight its economic problems like it is fighting a war. The president also discussed with World Bank officials the world economic conditions, population problems, and several other matters. [Text] [HK040105 Manila Far East Broadcasting Company in English 2330 GMT 3 May 82]

CSO: 4220/553

MITSUBISHI WITHDRAWS FROM PETROCHEMICAL COMPLEX

Kuala Lumpur BUSINESS TIMES in English 11 Mar 82 p 22

[Text]

SINGAPORE, March 10

THE Singapore government and other shareholders of a huge petrochemical project here have agreed to set up a new company to keep their joint enterprise alive following the withdrawal of one of their major Japanese partners, official sources said today.

The agreement was reached at a two-day meeting here between the Singapore authorities and executive directors of Mitsubishi Petrochemical Company Ltd, Nippon Shokubai Kagaku Kogyo, Sumitomo Chemical Company Ltd and the Royal Dutch Shell Group, the sources said.

The meeting followed the withdrawal of Mitsui Petrochemical Industries Ltd from an ethylene glycol project estimated to cost over US\$100 million. It is part

of the billion-dollar petrochemical complex being built on the island of Ayer Marban.

The sources said that negotiations would continue among the partners in the new company on how to redistribute Mitsui's shares in the venture.

The Singapore government had proposed that the five partners equally divide Mitsui's shares among themselves, but the suggestion had not been welcomed by the others, they added.

They expressed confidence, however, that a formula acceptable to all parties could be worked out in the next few weeks.

In the meantime the new company would build a nitrogen generator to supply the nitrogen and oxygen to other downstream projects in the complex, the sources said. — Reuter

CSO: 4220/600

ORIENTATION OF SLFP QUESTIONED

Colombo THE ISLAND in English 11 Apr 82 p 6

["Island Politics" column by Vijaya: "SLFP--Left or Right?"]

[Text] Now that the majority of the SLFP(M) Politbureau have decided to return to the SLFP led by Mrs Sirima Bandaranaike, the question that arises is which way the SLFP will turn?

At the time of writing, the all-Island Committee of the SLFP(M) are confident that at least two-thirds of the members will vote for the unity move.

There is speculation that Mrs Sirima Bandaranaike, who is due to address a meeting in Kurunegala on Saturday evening, will also make a dramatic appearance after the vote is taken.

But those close to the Maithripala faction say this is highly improbable, as the issue is those from the SLFP(M) going to her and not the other way around.

But they do not rule out the possibility of Anura and others appearing at the Kurunegala meeting on Saturday evening.

The events at the SLFP(M) Politbureau meeting on March 31, when missiles flew and even physical assaults took place according to those who were present, and the subsequent happenings, have virtually led to history repeating itself.

Maithripala's central committee meeting was as news to Anura as Anura's Politbureau meeting was to Maithripala.

Invitations to those who were opposed to the resolutions to be debated mysteriously never surfaced.

Yesterday's meeting in Horagolla was but a stone's throw from Nittambuwa, where the events that led to the parting of ways for the SLFP last year were enacted. Both meetings are now being called "kallathoni" meetings.

But the polarisation has created a situation which THE ISLAND has predicted since inception: Anura will return to the mainfold of the SLFP while Maithripala and his supporters will have to seek new alliances or greener pastures.

the return of Anura, who is believed to represent the right wing of the SLFP, is expected to help the SLFP to rethink their election strategy.

There are some SLFPers who say that the mood of the country is for the preservation of the free economy. The old left have also realised this and are astonished themselves as to the popularity of the free economy policy.

These SLFPers now feel that just as the UNP said that they were for socialism in 1977 with an enclave for capitalism in a Free Trade Zone and rode to power, the way to Jayawardenapura is through supporting a free economy. In such a situation, a foreign investment will not dry up. They point out to the fact that Mrs Bandaranaike herself has never said adverse things about the Free Trade Zone. This camp argues that the SLFP must not be trapped by extremes of socialism like nationalisation etc., and that it must go it alone.

If this policy is accepted, then Sri Lanka's free economy policies will continue even if there is a change of government. So what will be new will be new faces with minor changes in policy, and not major upheavals.

CSO: 4220/539

PARTY SPLIT REPORTED

Colombo DAILY NEWS in English 16 Apr 82 p 1

[Text] Mr Anil Moonesinghe, who served briefly as Minister of Nationalised Services in the first Sirima Bandaranaike government before its defeat in 1965, has broken away from the LSSP.

Mr Monnesinghe claimed yesterday that he had "captured" the LSSP and has been elected party Secretary. Mr Percy Wickramasekera, of the UCMU, has been elected Treasurer. A Central Committee too had been elected, he said.

Asked whether he had split from the party, Mr. Moonesinghe said: "I have captured it."

Commenting on Mr. Moonesinghe's claim, LSSP leader, Dr. Colvin R. de Silva, said that no party can be "captured" by making a press statement.

"I have no information on this matter and would not at this stage comment further," Dr. de Silva said.

A resolution moved by Mr. Moonesinghe, seeking a political alliance with Mrs. Sirima Bandaranaike's SLFP, was defeated at the LSSP Central Committee last week by 49 votes to 12 with 5 abstentions.

A resolution by Dr. Colvin R. de Silva to continue to bring together all anti-UNP forces in an effort to topple the government was comfortably adopted 47-0 with 12 abstentions.

Subsequently, the LSSP's Political Bureau adopted without dissent a resolution to participate in the Sirima May Day in Colombia.

Previously, the party had been attempting to bring together both factions of the SLFP on to a single anti-government platform, but had not succeeded in persuading Mrs. Bandaranaike to speak from any platform accommodating Mr. Maitripala Senanayake.

Mr. Moonesinghe said yesterday that the LSSP Politbureau decision indicated an acceptance of his position. Once the Central Committee had defeated his resolution, he had asked for a party conference which was denied.

"We summoned a conference last Tuesday and we have elected our office-bearers. We are the LSSP," he

claimed.

He said that this party was based at Jayantha Weerasekera Mawatha in Colombo. The party's Union Place headquarters, he said, was under a trust and he was not one of the trustees.

"Our party has split too often", a veteran LSSP'er said with more than a tinge of sadness in his voice.

Students of the history of the left movement in Sri Lanka will remember that the first split in the party which was founded in 1923 occurred 4 years later when personalities like S. A. Wickramasinghe and M. G. Mendis parted from the fold after a 29-5 vote on a resolution declaring faith in the Third International.

In 1942 the next split occurred. That was when people like Colvin R. de Silva, Leslie Goonewardene, Ber-

nard Soysa, Jack Kotenawela, Doric de

Souza etc. parted to form the Bolshevik Leninist Party leaving NM Phillip et al in the LSSP.

In 1950 there was a unification which was short-lived. Phillip left to form the VLSSP leaving the parent which was often described in the press as the N-LSSP.

In 1953 came another split when activists like T. B. Subasinghe, William Silva, Reggie Perera, K. P. Silva, L. W. Panditha etc went away.

Then in 1964 Bala Tampac, Edmund Samarakkody, V. Karalasingham, S. A. Martinus and about ten other Central Committee members parted.

The one but the last split was before the 1977 elections when Vasudeva Nanayakkara and a group of young

activist, pulled out.

And now Anil Moonesinghe has split

Told that SLFP sources confirmed that there had been contact, he said these were "social".

Mr. Moonesinghe said that he will be calling a press conference shortly to explain his position.

LSSP sources said that the Politbureau resolution related only to May Day and did not go beyond that.

Dr. de Silva said that Moonesinghe's claim that a conference was denied was false.

"As far as I know, signatures were being collected and a requisition for a conference must come in before a decision on a conference is taken," he said.

The LSSP had a party conference a couple of months ago.

In a statement issued on Tuesday, Mr. Moone-

singhe, who described himself as Secretary of the LSSP, made a strong attack on the Colvin-Leslie-Bernard leadership which he said was insensitive to the need to work out an arrangement with the Sirima-led SLFP which is the principal anti-UNP force.

"We have resolved to free ourselves from the hold of the present leadership and lead the party forward", he said.

He added that his group would restore the LSSP to its historical position by reaching an accord with the SLFP of Mrs. Bandaranaike which is the main force in the anti-UNP and anti-capitalist struggle.

He called upon all Samasamajists to join their ranks.

CSO: 4220/539

ANTI-TERRORISM ACT TO BE RETAINED

Colombo THE ISLAND in English 11 Apr 82 p 1

[Article by D.B.S. Jeyaraj]

[Text]

THE government will not withdraw or allow the Prevention of Terrorism Act to lapse. *"The Island"* reliably understands that the T.U.L.F.'s request to let the Act lapse when it expires on July 19 this year has been turned down by the Government.

Government sources told *"The Island"* that to accede to the T.U.L.F.'s request would mean that all people who are in detention in connection with terrorism at present will have to be released. It would also mean that all legal action pertaining to terrorism under the Act will cease and investigations would be disrupted. These sources also added that in the face of evidence that terrorism has not been eradicated, it would be impossible to allow the act to lapse.

Meanwhile the Government has approved an amendment to the Prevention of Terrorism Act. A memorandum to this effect was submitted by the Minister of Justice Dr. Nissanka Wijeyeratne to his colleagues following a request made by the T.U.L.F. at high-level committee talks.

"The Island" understands that the request made by the Leader of the Opposition, Mr. A. Amirthalingam at the talks was that the present

anomaly in regard to persons being tried under the provisions of the Terrorism Act being subject to penalties under the Penal Code be abolished.

According to the Prevention of Terrorism Act which came into force from July 20 1979, any person who has committed an offence which, under the Penal Code would be punishable with death or a term of imprisonment of not less than seven years, would, on being found guilty of the said offence under this act, on conviction, be liable for a life sentence.

However, legal experts point out that as the Terrorism Act does not have a specific reference to situations regarding offences committed before July 20, anyone found guilty would be liable to the death penalty under the Penal Code and not life imprisonment under the Terrorism Act even if that person was tried under the provisions of the Terrorism Act.

The new amendment would ensure that all persons charged under the provisions of the Terrorism Act irrespective of the fact of the time of offence would be subject to life imprisonment and not the death penalty as under the Penal Code.

CSO: 4220/539

PROBLEM POSED BY STATELESS INDIANS NOT WHOLLY RESOLVED

Kuala Lumpur BUSINESS TIMES in English 29 Mar 82 p 19

[Article by Dalton De Silva in Colombo]

[Excerpts]

MORE than 30 years after Sri Lanka gained independence from Britain, the problem of thousands of "stateless" people of Indian origin in the country remains to be fully solved.

They are the descendants of labourers brought to Sri Lanka from south India more than 100 years ago by the British to work on tea and rubber plantations in the island's Central Highlands.

Soon after Sri Lanka became independent in 1947, the people of Indian origin, who numbered about one million, were declared "stateless" by Colombo and deprived of their civic rights.

The problem was spotlighted at a convention of the Ceylon Workers Congress (CWC), the major trade union of Indian plantation workers, earlier this month at Nuwara Eliya in the heart of the tea-growing hill country.

Mr Savumani Amirthy Thendaman, longtime leader of the estate workers and at present Minister of Rural Industrial Development said: "Governments on both sides of the Palk Straits (the narrow stretch of sea separating Sri Lanka and India) have got embroiled in politics and failed to treat our problem as a human one."

Unsolved

India and Sri Lanka signed two agreements in 1964 and 1974 under which 375,000 "stateless" people were to be granted Sri Lanka citizenship and 600,000 were to be repatriated to India. Children born after 1964 were to follow their parents.

However, when the period for the implementation of the two agreements expired last October, only 104,000 had been granted Sri Lanka citizenship, of the 600,000 given Indian citizenship, 220,000 had been repatriated to India.

President Junius Jayewardene, speaking to the plantation workers at the convention, however, rejected the charge that the wishes of the people concerned had not been taken into consideration.

"Both Sri Lanka citizenship and Indian citizenship are granted on the basis of applications which have been voluntarily made," he said.

Mr Jayewardene added that despite the expiry of the term for the implementation of the two agreements, his government would continue with the granting of Sri Lanka citizenship in proportion to the number granted Indian citizenship.

He also said the Indian High Commission would continue with the granting of citizenship to 607,000 people who had applied.

As India had agreed to take back 600,000, this meant there was a shortfall of 113,000 applicants for Indian citizenship.

Shortfall

When the time limit expired last October, the Indian High Commission closed its register declaring that it would grant citizenship only to those who had applied up to that time.

The High Commission's move is being studied by the Sri Lanka government to see whether it should request India to re-open the register to enable more people to apply for Indian citizenship.

While Sri Lanka's commitment was to give citizenship to only 375,000, as many as 600,000 applied.

Sri Lanka earmarked its quota and refused the others. Subsequently, 27,000 of those turned down applied for Indian citizenship.

COUNTRY PROVIDES AN OBJECT LESSON IN ECONOMIC LIBERALIZATION

Kuala Lumpur BUSINESS TIMES in English 24 Mar 82 p 19

[Article by Nicholas Colchester in Colombo]

[Excerpt]

Sri Lanka is, indeed, an object lesson in liberalizing the economy of a developing country. The country provides a representative case: rich in agricultural potential, poor in minerals and oil, equipped with an ex-colonial infrastructure and burdened with a potentially explosive ex-colonial racial problem. The island has also experienced the benefits and discomforts of indebtedness to the International Monetary Fund.

Above all, Sri Lanka is interesting as a test case because of the clearcut way in which the Jayewardene government changed economic course when it came to power in 1977. It discarded many years of intervention, state control and public sector domination, and substituting acceptance of private and foreign investment, reductions in subsidies, a floating of the currency, but also grandiose public development projects financed via a more spendthrift attitude to public and international debt.

The vital statistics of the economy responded in the following manner: in the four years 1978-81 real growth in the Sri Lankan GDP averaged 6.5 per cent, slowing gradually to 5.5 per cent in 1981. This compared with growth averaging 3.6 per cent per annum in the years 1970-77. An unemployment rate of 13 per cent is now claimed by the Finance Ministry, compared with 30 per cent when the government came to power.

On the other hand the rate of inflation surged sharply, reaching 30 per cent, according to the official consumer price index in 1980 before dropping to some 15 per cent in 1981. This compared with an average rate of 5.7 per cent in the years 1970-77. Unpublished price indices suggest a much higher actual rate of inflation — perhaps 25 per cent in 1981.

At the same time Sri Lanka's current account deficit deteriorated sharply. It was equivalent to over 10 per cent of GDP in 1980, improving to 15 per cent in 1981. In the mid-1970s Sri Lanka's current account was essentially in balance. As a result Sri Lanka's external debt has risen fast to over 20 billion rupees (US\$2.13 billion) by the end of last year. The cumulative debt burden nevertheless remains relatively low by the standards of most developing countries.

These broad "before and after" figures suggest an over-ambitious dash for growth during a period when the second oil shock and falling commodity prices were making development an uphill struggle for the whole of the Third World.

They also reveal the impact of the corrective action imposed by the IMF. The Fund suspended its lending to Sri Lanka in July 1980 and insisted on a clamp-down on public expenditure in 1981.

The year 1982 has opened with government officials friendly towards

the IMF and ready to admit that public spending had run out of control during 1980. Both the IMF and World Bank are pleased with the way control was restored in 1981 — the government deficit dropped from 22 per cent of GDP to 14.5 per cent — but are looking askance at the budget for 1982 which predicts a fresh upturn in government borrowing to some 17 per cent of expected GDP. Even that appears optimistic.

There were two paradoxes in what President Jayewardene calls his bloodless revolution. The first was the way in which a decision to "privatise" the economy led to such a rapid increase in public spending, an increase which, in fact, deprived the private sector of resources just when it was being allowed to re-establish itself.

In the initial euphoria the ministries in Colombo outdid one another in grandiose investment projects and were not sufficiently reined in by co-ordinating authority. Government investment reached one-fifth of GDP in 1980.

Some of these projects promised intangible returns — the urban housing projects, for instance, or the new parliamentary complex at Kotte. Both appeared to be putting the icing before the cake.

Others made more long-term economic sense. The giant Mahaweli project, involving four dams and the resettlement of

160,000 families, should ultimately make a great contribution to the economy in the form of energy and irrigation. But it is now clear that too much was attempted too quickly and that the available aid was spread too thinly. The quadrupling of the cost estimates to US\$2.5 billion has left the government financially exposed.

The other paradox is that privatisation was not applied to the motor of the economy — the tea and rubber sectors, which together account for half of Sri Lanka's exports. The policy of land reform and nationalisation pursued by the previous regime had clearly run these two sectors down: tea output was stagnating at 210 million kg per year in the mid-1970s compared with 240 million kg in the mid-1980s.

Rubber production remained static throughout the 1970s at about 140 million kg. Yet after four years of the new regime, tea production in 1981 was still 210 million kg.

With his position bolstered by a shift to proportional representation, by disarray in the opposition and by the undoubted sense of liveliness that his policies have injected into the economy, President Jayewardene has a solid chance of continuing with his revolution into the late 1980s.

But the momentum already established will take some controlling and suggests that the IMF's foot will stay hovering anxiously over the brake. — FT

BALANCE OF TRADE DEFICIT

Colombo THE ISLAND in English 13 Apr 82 pp 1, 2

[Text] Sri Lanka's Balance of Trade for last year was a deficit of Rs.14,845 million (SDR 655 million) as compared with a deficit of Rs.16,364 million (SDR 761 million) in 1980 according to the latest issue of the Central Bank Bulletin (February issue). The total earnings from exports during the year 1981 amounted to Rs.19,740 million (SDR 871 million) while the value of imports totalled Rs.34,585 million (SDR 1,526 million). All categories of exports, except gems, recorded substantial increases in rupee terms.

Earnings from gem exports for 1981 stood at Rs. 634 million (SDR 28 million) - 9 per cent lower than that for the previous year.

Minor agricultural exports and industrial exports recorded the highest increases while the export earnings from tea, showed a marginal increase in SDR terms.

The export earnings on tea, during 1981 was Rs. 6,444 million (SDR 284 million) as compared with Rs. 6,170 million (SDR 287 million) in the previous year registering a marginal increase of 41 per cent in rupee terms, while in SDR terms, the earnings in 1981 recorded a 12 per cent drop.

The total volume of rubber exports in 1981 were 133 million kilograms as against 121 million kilograms in the previous year. This represented an increase of 10 per cent in the volume of exports. The earnings for 1981 for rubber was Rs. 2,895 million (SDR 128 million) recording an increase of 6 per cent. The average export price of rubber remained unchanged during 1981.

Earnings from coconut products represented an increase of 34 per cent as over the previous year while earnings from kernel products alone recorded an increase of 69 per cent.

Earnings for 1981 for minor agricultural products was Rs. 1,301 million (SDR 57 million) recording an increase of 47 per cent over the income of the previous year. This was largely the result of increased volume of exports.

Significant increases were seen in exports of coffee, pepper, cinnamon, cloves, cardamoms, beetle leaves, essential oils and cashew nuts, while the earnings from sesame seeds and cocoa products declined.

Industrial earnings for 1981 totalled Rs. 7,193 million (SDR 317 million) registering an increase of 22 per cent over the value of

exports the previous year. The higher earnings from textiles and garments, were 57 per cent petroleum products 3 per cent and beverages and tobacco 20 per cent.

Of the total expenditure for imports for 1981 Rs. 7,697 million (SDR 340 million) had been on the import of crude oil.

Significant increases were seen in the expenditure on the import of prepared food stuffs, mineral products, cotton, yarn, textiles and waste-matter while expenditure on animal products, vegetable products, vehicles and transport equipment declined.

The share of consumer goods imported accounted for 26 per cent of the total imports while the shares for intermediate and investment goods for total imports were 51 per cent and 23 per cent respectively.

RICE PURCHASES WILL INSURE PRICES

Colombo DAILY NEWS in English 12 Apr 82 p 1

[Text] The rice purchase deals concluded with China and Pakistan earlier this month will enable the government to ensure that the rice price will not climb to unacceptably high levels during the latter part of the year, authoritative sources said yesterday.

The decision to purchase 180,000 tons of rice, on very advantageous terms, was partly taken to ensure that the Food Department held sufficient stocks to work a price check during the later months of the year when the prices tend to rise.

Official sources said that the agreement with China was to buy 120,000 m.t. with an option open on a further 20,000 m.t.

"It is almost certain that we will exercise that option. The price is good and entering an early commitment will enable the rice to be shipped from Burma giving us a freight advantage", knowledgeable government sources said.

Diplomatic sources in Colombo said that reports from Islamabad indicated that President Zia-ul-Haq of Pakistan had responded "most positively" to talks he had with Trade Minister Laltha Athulathimudali and the result was a directive from the highest level that "the Sri Lanka rice purchase mission did not leave disappointed".

These sources said that the purchase from China was on a top basis

and the freight had to be fixed. The earlier this is done, the better for Sri Lanka as the international freight markets are now so low that they can only go up.

The possibility of China taking more rubber from Sri Lanka now that Colombo's rice purchases from the PRC are significantly up this year had also been discussed in Peking.

China had agreed to double their rubber purchases, from 10,000 m.t. to 20,000 m.t. but whether Sri Lanka can provide these quantities is uncertain.

"We need about 2,000 m.t. per shipment to make it economic to load a ship for China. With other marketing arrangements already made, procuring these quantities can be done," one rubber trader said.

CSU: 4720/539

RICE PURCHASES FROM PRC, PAKISTAN

Colombo DAILY NEWS in English 10 Apr 82 p 1

[Text] Sri Lanka has contracted to buy 150,000 m.t. of rice from China and a further 30,000 m.t. from Pakistan on what the trade said yesterday were "extremely advantageous terms."

While senior government officials were tight-lipped about the rice deal, designed to ensure that the Food Department will maintain an adequate buffer against the drought-hit domestic crop and sharply reduced Paddy Marketing Board purchases, the trade said that Sri Lanka had reason to be happy at the price she is paying for this rice.

"Commercial intelligence reports filed by the international grain trade suggest that Sri Lanka has concluded the China deal at around US dollars 220 a ton, which is a good price for us", a knowledgeable Colombo business source said yesterday.

Most of this rice will be shipped here from Burma with whom China has a long-standing arrangement for

deals of this nature. Thus, Sri Lanka will gain a freight advantage too out of the transaction.

The official delegation, headed by the Secretary to the Ministry of Trade and Shipping, Mr. Lakshman de Mel, which included Food and Co-operatives Secretary Dharmadri Pieris and Food Commissioner H. Palendiran, has returned to Sri Lanka.

Trade Minister Lalith Athulathumudali, who participated in the trade talks in Pakistan, where he met President Zia and the Minister of Trade and Finance, is expected back home today.

According to official sources, there has been pressure from Pakistan which was the second largest buyer of Sri Lanka tea last year —

Iraq topped the list — to increase purchases from that country.

Sri Lanka is keen on helping to even the balance of trade between the two countries which is now very much in Colombo's favour. Possible future purchases may include cotton on a government-to-government basis.

The trade said that Pakistan is keen on selling some of its sugar surpluses to Sri Lanka, but whether that would be possible in a situation where the Food Commissioner is no longer in the market (with a fairly large stock in his stores) and the private sector importing sugar from various sources, remains to be seen.

The Food Purchase Board, which meets after the holidays, will consider the total national larder picture. Meanwhile senior officials say China has once again demonstrated her cordiality towards Sri Lanka in a tangible manner.

LEASE OF OIL STORAGE TANKS STIRS CONTROVERSY

Kuala Lumpur BUSINESS TIMES in English 12 Mar 82 p 19

[Article by Mallika Wanigasundara in Colombo]

[Text]

SRI LANKA'S decision to lease 100 abandoned oil storage tanks at Trincomalee to the US-based multinational, Coastal Corporation of Houston in Texas, has sparked fears that the tiny island nation may be drawn into a future superpower confrontation.

The American company plans to make the site the nucleus of an oil storage terminal in the China Bay area complete with ship refuelling facilities. As agreed, Coastal Corporation will set up a Sri Lankan subsidiary, Coastal Lanka Ltd, to develop and rehabilitate the Trincomalee tank facilities under a 25-year lease.

The complex occupies an area totaling 676 acres set against a natural background that boasts of a beautiful harbour and a commercial port.

Only 250 kilometres away from Colombo, Trincomalee also happens to be the main base of the Sri Lankan Navy. In recent years, it has offered bunkering facilities to ships of all nations, including the US and Russia.

The complex was built by the British Admiralty during World War II, when Sri Lanka was still a British protectorate. In 1964, Britain turned over the complex to the Sri Lankan government which paid US\$25,000 as compensation.

But since then, about 85 of the giant storage tanks, each of which has a capacity of 800,000 metric tons, have been unused and rusting away.

Pressures

Of the original 100 tanks, one was destroyed by Japanese bombing during World War II, 10 are being used by the Petroleum Corporation of Sri Lanka for storing oil, while four others have been converted into water storage tanks by a flour mill. The rest are empty.

Coastal Corporation has had close dealings with Sri Lanka's Petroleum Corporation. It is engaged in the transportation of oil for many countries, including the US and the Soviet Union.

Despite its purely business functions, the fact remains that it is still an American corporation and Sri Lankans are plainly worried that in case of a

confrontation between the two superpowers, Sri Lanka might be sucked into the imbroglio whether it likes it or not.

The Trincomalee deal has left many genuinely nervous because Coastal Corporation will also have access to China Bay and several hundred acres of prime land around Trincomalee.

The question has also been raised whether leasing the facilities would not jeopardise the country's sovereignty itself and open Sri Lanka to charges of violating its status as a non-aligned nation.

The opposition in Parliament has gone to town over the issue, warning that the deal would jeopardise Sri Lanka's independence and security. They also claim that the Trincomalee lease would make Sri Lanka a pawn of superpower rivalries and undermine its stated objective of making the Indian Ocean a zone of peace.

But mounting economic pressures have left the government with little or no option but to go ahead with the deal despite the political storm it has stirred. As one Sri Lankan journalist told Depthnews: "The government has been driven into an economic corner, and it needs somebody to bail it out immediately."

The Trincomalee transaction may help spare the country from its dire economic predicaments. Coastal Lanka Ltd, the Sri Lankan subsidiary of Coastal Corporation will redevelop the complex, and this means employment for hundreds of Sri Lankans.

Not only will the project bring in ready cash amounting to US\$36,000 a year in rentals; it will also mean an additional US\$800,000 a year in storage fees. Supporters of the deal argue that in addition to substantial revenues, the US multinational will also be paying huge amounts to the Petroleum Corporation of Sri Lanka for bunkering.

Other revenues to be derived from the lease involve port and Customs dues and security fees. Coastal Corporation has also agreed to store and sell petroleum products at commercially advantageous prices.

The demand for labour for the re-

habilitation of the oil storage facilities is expected to be high. The British had built living quarters, pump houses, workshops and offices. These structures have deteriorated over the years and will have to be rehabilitated at great expense to Coastal Corporation.

Beside the existing facilities, modern loading and unloading installations would have to be built, improvement of the port would be undertaken as well as berthing jetties for big ships and tankers. All these undertakings would require massive manpower and thus mean employment for Sri Lankans.

The government argues that because of its present financial problems, Sri Lanka should make the best possible use of its assets. It says that the development of the oil storage facilities would translate into more foreign exchange, more employment and increased earnings for Sri Lankans.

Assets

Opposition to the proposed lease has not only come from within the country, but also from India. The Indian government has expressed deep concern that the deal could involve Sri Lanka in superpower manoeuvres.

The Indian Press even reported that the agreement with the US company was not a purely commercial transaction, but that the strategic Trincomalee port was being turned over to the US as a naval base.

This prompted Sri Lanka Trade and Shipping Minister Lalith Athulathmudali to issue a strong rejoinder that the Indian stories were part of a "disinformation campaign" to undermine the agreement with Coastal Corporation.

Just the same, Finance Minister Ronnie de Mel made a hasty trip to New Delhi to assure the government of Prime Minister Indira Gandhi that Trincomalee was not being turned into an American base. He said US navy personnel would not even be allowed to use the port and the oil storage complex for rest and recreation. — Depthnews

BRIEFS

DROUGHT RELIEF FROM JAPAN--Japan has agreed to provide Lanka an outright grant of US dollars 2.7 million (650 million yen) drought relief assistance, the Japanese Embassy announced in Colombo. Ambassador Kazuo Chiba and Dr W.M. Tilakaratna, Secretary to the Finance and Planning Ministry will exchange notes in Colombo today to provide for this assistance. The Japanese grant will be used to pay for well-drilling machinery, pumps and other equipment for water supply to the drought-hit areas as well as canned fish to be distributed to drought victims. The Japanese grant is the first assistance to reach Colombo which sounded various governments and international organisations to help in the drought relief effort. [Text] [Colombo DAILY NEWS in English 12 Apr 82 p 1]

STOLEN DYNAMITE QUESTION--President J.R. Jayewardene has directed the Minister of Lands and Land Development, to submit a report on the theft of 4,000 sticks of dynamite from Lunugamvehera. This theft was brought to the notice of the President by the Minister of Public Administration Major Montague Jayewickreme last week. It is alleged that the dynamite were stolen by certain security guards working on the Lunugamvehera project. Major Jayewickreme has told the President that these security guards belonged to a 'reactionary organisation.' [Text] [Colombo THE ISLAND in English 16 Apr 82 p 1]

CSO: 4220/539

BRIEFS

MIDDLE EAST LABOR EARNINGS -- In the single month of December last year, Thai laborers working in the Middle East sent 216.9 million baht back to Thailand through 47,628 accounts in the northeast. Such deposits in the accounts totalled 315.8 million baht. The December 1981 report from banks in the northeast stated that, in this period, laborers working in the Middle East sent 216.9 million baht back to their homes in the northeast. There were 47,628 accounts, and deposits at the end of the month reached a total of 315.8 million baht. Concerning the condition of the banks in the northeast during this month, deposits and credits at the commercial banks increased rather sharply. This was a greater increase as compared with that of all previous months since the beginning of 1981. At the end of the month, deposits totalled 18,724.2 million baht, a 6.1 percent increase over November. Savings deposits increased the most. Daily cash flow deposits were second since this was the period to close the yearly accounts of the banks and the rate of increase of fixed deposits was higher than that of the previous 5 months. As for the credits of the banks during this month, the total amount reached 12,564 million baht. This was 7.4 percent increase over the previous month and a 37.4 percent increase over that in December the previous year. This was 14.2 percent higher than the rate of increase in 1979 and 14 percent higher than that in 1980. Most of this was an increase in overwithdrawals and various commercial notes. As for the rate of credit on deposits, the rate increased from 66.3 percent the previous month to 67.1 percent this month. [Text] [Bangkok SIAM RAT in Thai 11 Mar 82 p 11] 11943

CHILD LABOR IN UNREGISTERED FACTORIES -- The United Nations has stated that more than 2 million child laborers are being used in violation of the law. A.P., citing a report of the United Nations, which conducted a survey through the Asia and Pacific Economic and Social Research Committee in 1980, stated that 2 million child laborers are being used illegally in Thailand. The United Nations has condemned the use of such child laborers in all countries since this is contrary to the United Nations' principle of "children's rights." This report said that millions of child laborers are being used cruelly and illegally in the various countries in Southeast Asia. Of this number, Thailand uses 25 percent of the total number of children below the age of 16 to work

in factories. More than 2 million children work in unregistered factories. This is contrary to the principle of children's rights as announced by the United Nations. [Excerpt] [Bangkok MATICHON in Thai 12 Mar 82 p 2] 11943

KAREN REBEL UNITED FRONT -- Eight armed Karen groups have announced that they will join together and establish a National Defense Front to oppose the Burmese government. They are confident of victory. A MATICHON reporter has reported from Tak Province that at approximately 1100 hours on 10 March at the 101st Special Battalion at Ban Kho Mura opposite Ban Wang Kaeo in Mae Sot District, Tak Province, General Bo Mia, the leader of the Free Karens, together with Soh Tanong, the prime minister of the Free Karens, Colonel Toh La, the commander of the 101st Special Battalion, and the leaders of seven free state groups -- the Shan State Progress group and the Arakan, Kachin, Lahu, Payi, Chin and Mon liberations groups -- made an announcement concerning the formation of a National Defense Front (NDF). They stated that the NDF would be a loose coalition in order to oppose the Burmese government and that it is thought that the forces of the NDF, which total 25 million people, will be able to defeat the Burmese forces, which total 30 million people. This front will train soldiers jointly and exchange intelligence. However, there will not be any mutual economic support. The reporter asked about the textile monopoly of the Siam Friendship and Thisetmiyar companies. He asked what agreement had been reached. General Bo Mia stated tersely that this was a matter concerning private individuals; the Kothule government (Free Karens) is not involved. [He said that] he has ordered the Siam Friendship Company to stop monopolizing the textile trade. The reporter reported that, since 9 March, Tak Province has ordered the Thai border closed. It is believed that this was done because [the province] does not want the mass media to go and gather information on the Burmese side. But reporters have sneaked across. The Free Karens too ordered the border closed the same day and forbid all types of goods from being transported across the border into Burma. [Text] [Bangkok MATICHON in Thai 11 Mar 82 pp 1, 12] 11943

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